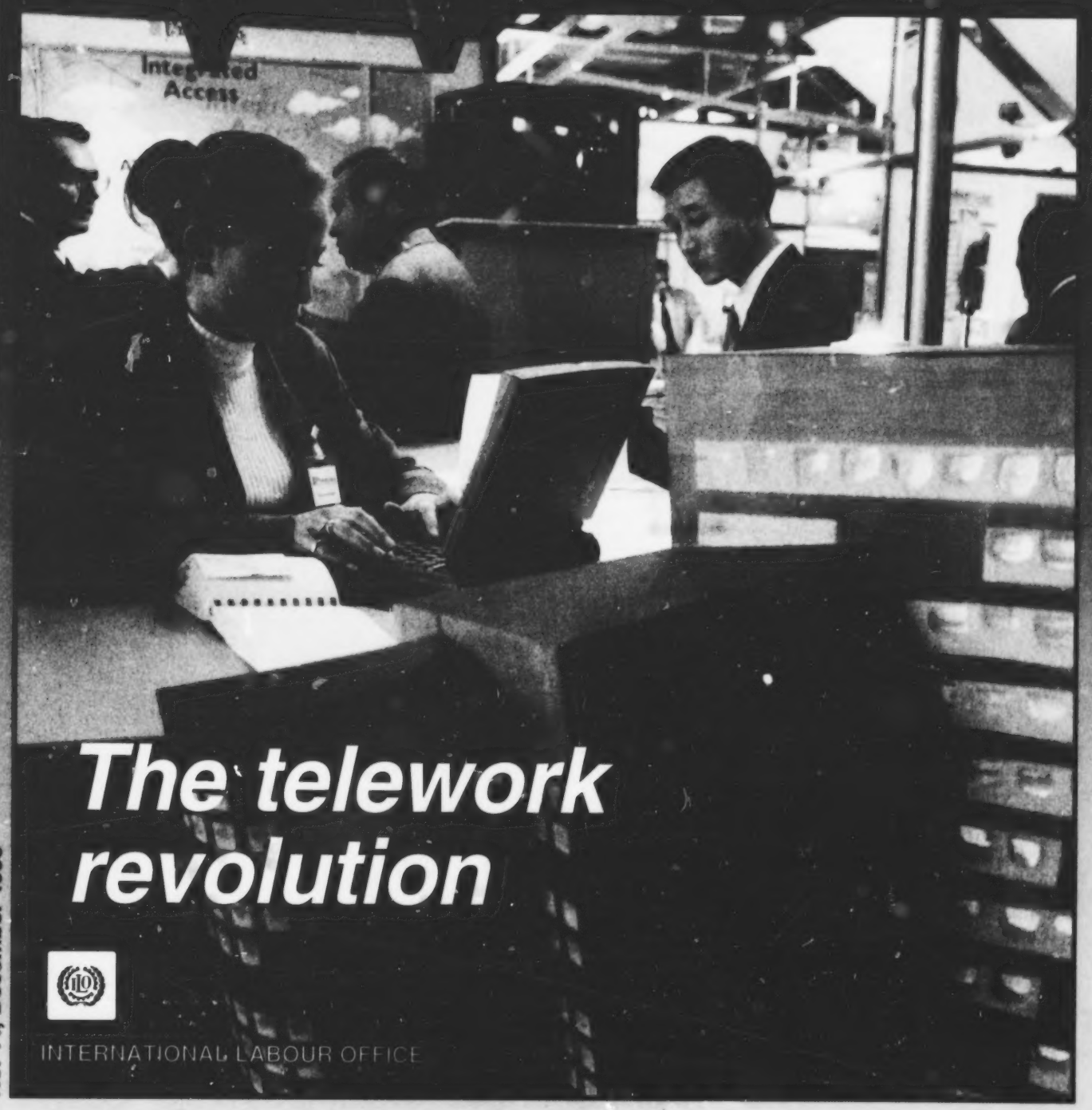
World of Work



The telework revolution

INTERNATIONAL LABOUR OFFICE

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Editorial

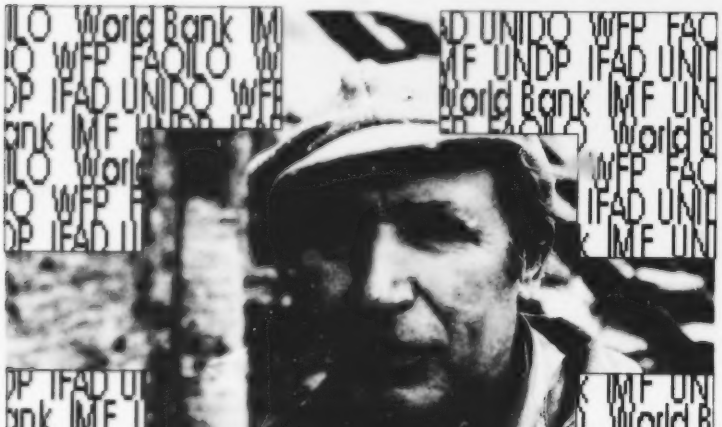
Coordination on the move

Unemployment and poverty present a challenge not only for governments at the national level, but equally so for the system of international cooperation. Globalization reinforces interdependence and only a global approach to the problems is feasible.

How to establish conditions for balanced growth, which at the same time creates jobs, and is also accessible to all States? How to ensure an equitable redistribution of the resulting wealth among all countries and, within each of them, among every level of the population? These are some of the questions confronting the international system, established half a century ago, and to which the World Summit in Copenhagen in March of this year attempted to find solutions.

As the Summit recognized, the ILO has a very special role to play in the area of employment, "because of its mandate, its tripartite structure and its expertise". But to be effective, its action must fit into the framework of a true international coordination of economic, monetary and social policies. Over the past several months, great strides have been made on the path to such coordination, thanks in particular to the efforts of the ILO to put the Copenhagen recommendations into effect.

– Within the United Nations system, it was decided at the last meeting of the Administrative Committee on Co-ordination (ACC), to create three special inter-agency teams to assist field representatives of the various organizations to transform the general orientation of international policies into concrete actions at the national level. According to the wish expressed in Copenhagen, the ILO will lead the team dealing with problems of employment and the achievement of means of existence for all.



Jacques Maillard

– At the specific level of dialogue and collaboration with the Bretton Woods institutions, I am very pleased with the progress accomplished during the meeting of the Interim Committee of the Board of Governors of the IMF in October. The Committee agreed that cooperation between the IMF and the ILO should be strengthened, with a two-fold objective: "with a view to helping Fund missions to acquire a better understanding on labour markets and social protection issues", and to enable ILO staff to "further integrate, in their own policy advice, the view of the Fund on macroeconomic policies and targets for the country concerned". The Committee also recommended that regular exchanges of view and sharing of information should be pursued between the two organizations.

By the time this editorial is published, I will have had the opportunity to meet with my counterpart at the World Bank in order to examine with him the modalities of increased cooperation between our two institutions.

– And, finally, at the level of inter-country consultation, the ILO was invited, for the first time, to participate in the Summit meeting of the seven most-industrialized countries (G7) next April, which will be devoted to employment.

Thus, the dynamic born at the Copenhagen Summit is asserting itself: faced with unemployment and poverty the international community is mobilizing all its means, and the ILO finds itself in the forefront of this common effort, for that is its calling.

Michel Hansenne
Director-General

Working differently: The telework revolution

Bernard E. Gbezo*

Jacques Maillard

Telework is creating a lot of interest and the general public is quite taken with it. Far from being a prediction, it has become a daily routine for some seven million people in the United States, 150,000 in Germany, 560,000 in the United Kingdom, 215,000 in France and 80,000 in Italy.

Telework has many virtues: it is touted as a means of fighting unemployment by proposing novel types of activities and at the same time as a means of restoring the economic fabric. Moreover, it would reduce automobile pollution and lead to the optimal structuring between private life and economic activity. But beyond some experiments which received extensive media coverage for over a decade, telework is a multifaceted reality about which many questions remain unanswered.

* *Socio-economist, consultant.*

Outside the enterprise

In its currently accepted form, telework is generally likened to homework in which the stakes are principally socio-psychological and of convenience. The clichés which one hears often conjure up the image of a young woman freed from the

constraints of public transportation, working comfortably in her home and sharing her professional activity between the children, the kitchen and the computer, giving rise to the modern "three-K" German formula, "Kinder, Küche, Komputer" (replacing "Kirche", or church, of the long-standing original formula with "Komputer").

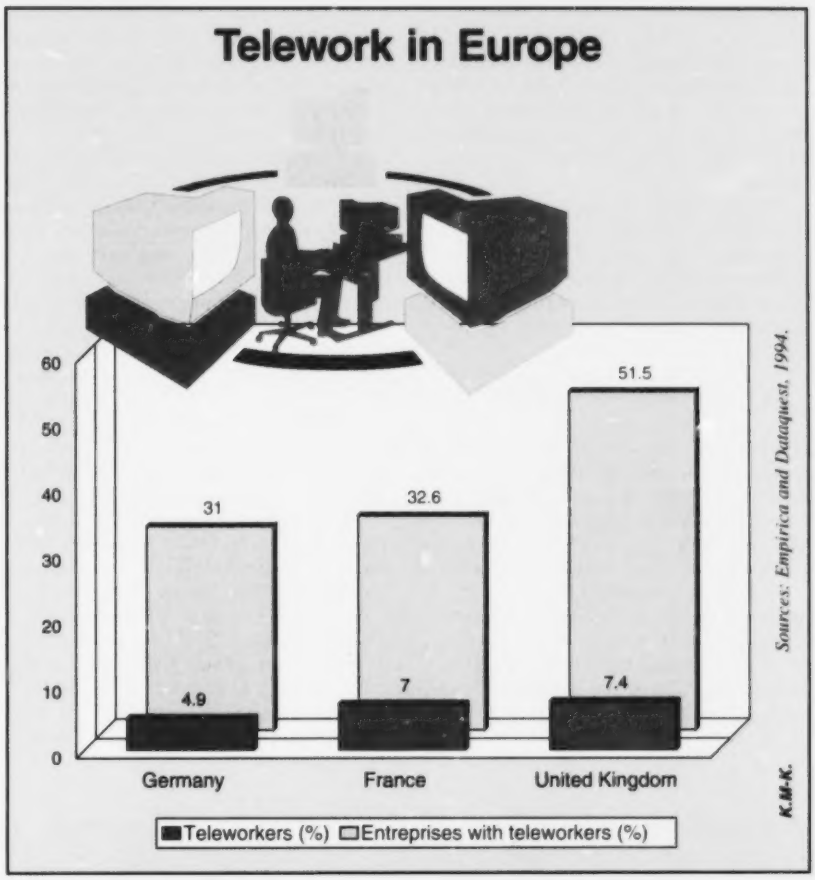
This very restrictive perception is outdated. According to an ILO study[1], telework can be defined as "all work carried out in a location where, remote from central offices or production facilities, the worker has no personal contact with co-workers there, but is able to communicate with them using new technology".

This definition covers very different situations. It can mean an organizational type of telework which leads the enterprise to redeploy outside of its traditional premises: it provides its employees with equipment, and thereby transfers their workstations to their homes. It can also group its employees together into satellite centres from where they remain in constant contact by means of telecommunications. It also affects those professionals who travel frequently and who, thanks to electronic communication, can remain in contact and link up with the enterprises which are using their services wherever they happen to be.

Telework can also constitute a sector of activity in itself. "Teleservice" enterprises supply and market products or services using telecommunications networks. The services provided include data entry, secretarial work, accounting, computer equipment and software maintenance, training in telecommunications and electronic surveillance. The proliferation of activities tied to the production of data passing through different networks has bred a string of "teleprofessions" which constitute one of the principal fields of application of the "information superhighway".

The first pilot experiments in distance work carried out in industrialized countries were not always as successful as expected. The projects did not provide real advantages either for the enterprises or for the employees. Certain telework pioneers ended up by re-integrating their enterprises, disappointed by the isolation and family problems which it caused. Many experts pointed out that these experiments had only been designed for socially disadvantaged classes and for the execution of semi-skilled tasks.

These initiatives nevertheless were a catalyst for reflection on the advantages and the limits of telework, the requirements to respect and the pitfalls to avoid. Currently, the tendency is rather towards the adoption of a variable formula, i.e. work alternating between home and the enterprise.



Varied sectors

Some countries such as Germany, the United States, Great Britain, the Netherlands and Sweden are developing telework applications in their central or regional administrations to recruit and retain qualified personnel, by offering them facilities for working locally, to improve productivity and decrease absenteeism and sick leave by reducing their travel time and by adapting their working hours to meet family constraints. It is also a question of providing work to those persons who cannot get around (the handicapped, women caring for children or elderly persons), developing services which will create new jobs and reducing traffic in large urban areas.

The use of telecommunications technology in distance teaching and training has expanded tremendously. Many countries possess the infrastructure which is required to allow training at home (the Open University in Great Britain, the "tele-university" in Quebec), in satellite centres (CNAM or AFPA in France), or at the workplace (France Télécom, Telecom Argentina, Hewlett-Packard, Bull, etc.). In some of these applications, teachers and trainers are based at the company which employs them, while in other cases they might themselves be teleworkers.

Insurance companies and banks are also turning to telework. This practice falls within the framework of a policy of flexible working hours as well as that of a purely economic nature. Setting up satellite centres in rural areas assures the processing of records with an optimal utilization of personnel and offices. This decentralization can be done either by internally reorganizing the corporation or by creating a subsidiary. Thus Ireland has welcomed several American insurance companies (New York Life, Massachusetts Life, Travelers Insurance, etc.).

For several years large firms in the computer and data processing sector have been developing telework applications, notably Rank Xerox and ICL in Great Britain, IBM and Control Data Corporation in the United States, Fujitsu in Japan, and Bull and Digital Equipment Corporation in France. The development of telework in this sector seems to be based on strategic considerations. In fact, it is aimed at limiting the loss of highly-qualified personnel to the competition by allowing them to work under very good conditions at home if they so wish. It can also be a question of enabling

management, engineers and researchers to work in real-time with their international counterparts at any time of the day, by installing appropriate terminals in their homes. Even so, applications implemented by the large firms remain limited and are located close to their principal centres of activity.

Other sectors are opening up to this method of organization, whether in telecommunications, the aeronautical industry, engineering, the press, publishing, mail-order, document translation, text processing, etc.

Decentralization

Telework has also moved overseas. Certain multinationals as well as many European enterprises have been tempted by off-shore work, completely decentralizing their computer work – via satellite networks, undersea cables and fibre optic cables – to developing countries, where salaries are much lower than national levels. In Manila, Bombay, the West Indies, Vietnam, China, Maghreb and certain Eastern countries, computer scientists and operators work in "software houses" and "data entry" firms which are highly competitive when the volume of work is large enough: data entry for the compilation of directories, mailing lists, legal and medical data bases, processing of survey questionnaires, library catalogues, processing of credit cards, etc.

All of these enterprises are aware of the advantages of such a situation. They draw more and more from a skilled labour force comparable to that of workers from countries in the North. The more specific tasks of management, administration and international trade move outwards in this way. Certain industrialized countries establish structures aimed at exploiting the difference in production costs between continents. This is particularly true in Germany, which has created a public body responsible for establishing contacts between enterprises in Southeast Asia and its own industries.

The countries of Southeast Asia, which are particularly representative of off-shore telework, attract "Western" customers because the salaries they pay allow them to charge three times less, but also because taking advantage of the time difference, sub-contractors can access the central computers of their clients while they are not being used. Thus, by juggling with time zones, the computers work continuously.

This work sub-contracted overseas introduces a new dimension to the international division of labour which certain industrialized Northern countries take advantage of, but which others renounce as a threat to employment in their own countries. In 1992, the airline Swissair relocated its accounting department to Bombay. In so doing, it saved eight million Swiss francs per year, at the expense of a significant reduction in personnel.

Is it a windfall for these countries which are in the midst of an economic takeoff, or is it a risk of increased unemployment for the industrialized countries? Whichever it is, these experiences have demonstrated the feasibility of distance work by introducing, in passing, an economic dimension into a concept with strong social connotations.

Anxiety and risk

Telework therefore puts into focus a wide spectrum of hopes, but also the rejection of current ways of life and of work, apparently without resulting in the complete acceptance of all the interested parties. In fact, in what way can a teleworker follow a career path, gain recognition by colleagues who have stayed in the office or follow the evolution of the enterprise? These questions are just some of the sources of anxiety among many of the employees concerned. The individual teleworker can feel marginalized because telework relocates him. Moreover, certain teleworkers find the absence of direct contact with their superiors difficult to accept. Therefore, far from finding real freedom, they are frustrated because they have the feeling or fear of not completely carrying out the responsibility entrusted to them.

To remedy this isolation, a large number of enterprises have established mechanisms to maintain professional contacts with their teleworkers. In the United Kingdom, for example, Rank Xerox keeps them on the organization charts of its departments and on the distribution lists for documents; they appear in the telephone directory, they are invited to meetings and they participate in company life to the same extent as do the other employees.

Like every innovation, telework admittedly has some advantages, but also a certain number of risks. A medical article published in 1993, in the ILO *World Labour Report* underlines the stress identified in the framework of telework: ergonomic problems tied to intense work on the screen, the absence of a clean break between one's private and professional life, the absence of participation, isolation, etc.

Furthermore, the attack on personal freedom is also something to consider. Some British and Japanese enterprises

PUBLIC SERVICES ENCOURAGE TELEWORK

The advantages of telework for both enterprises and employees are now widely recognized by the public services in Europe and many measures are being taken to encourage them both at the national level and within the framework of the European Union.

● *In France*, DATAR (the Commission for national and regional development and regional action) and France Télécom spend several tens of millions of francs to support initiatives for telework in the home, for redeployment of activities in disadvantaged zones and for launching teleservices.

● *The Council of Nordic countries and Sweden* are pushing for "telecottages", community service and information centres, tools for an active decentralization policy.

● *In the United Kingdom and Ireland*, the public services are financing projects with three principal objectives: training in new technology, research and the offer of services to enterprises.

● *The Commission of the European Union* in Brussels has planned and implemented more than 30 common actions bringing together some 300 organizations since 1993. The *Worknet* programme encourages pilot telework projects in the industrial and services sectors within French and Italian enterprises. The goal of Project *Practice* is to define the management of teleworkers. Project *Twin*, headed jointly by Greece, Finland and the United Kingdom, aims to create telecentres whose main objective is the reinsertion of the handicapped into the workforce.

have simply installed video surveillance equipment in the homes of their teleworkers in order to monitor them and thus measure their productivity. Even if this only represents isolated cases, technically an electronic surveillance of the actions and movements of the teleworker is still possible. Another ILO study[2] expresses concern about the possibilities of control offered by the new technologies, in particular with regard to office automation, and notes that "even though there is a permanent interaction between one's personal and professional life and if the limits between these two realities are difficult to establish, the right to the inviolability of the private sphere must be clearly affirmed and protected". In the opinion of the specialists, telework must imply a contract of confidence between the enterprise and its teleworkers, with a hierarchical relationship based on the determination and the respect of objectives. In this regard, a real "management" of teleworkers remains to be conceived.

The emergence of this new work organization still poses a certain number of legal problems. At present, these worry both employees and trade unionists greatly, inasmuch as legislation remains vague, if not non-existent, both on the European and the international level, in spite of the risks of abuse and litigation.

A challenge for the social partners

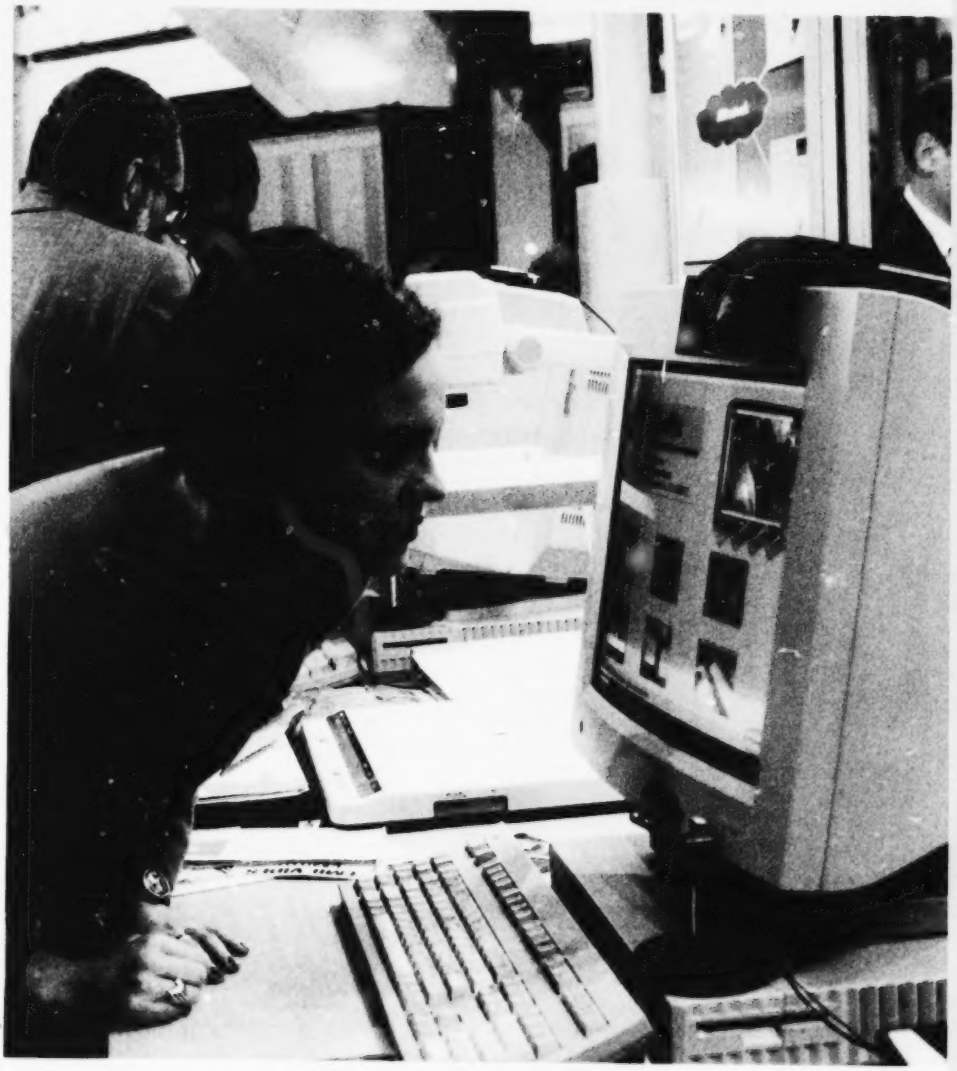
Trade unions generally remain prudent and sceptical with respect to telework, for fear of seeing employees marginalized. This position seems in line with a wish to preserve the working community and to avoid a kind of dilution of the trade union. In addition, they also denounce the potential negative effects on working conditions, statutes, remuneration and social security coverage. However, certain trade union federations are beginning to relax their positions, preferring not to miss out on this evolution, in order to master the methods of telework and to avert its dangers.

Employers' organizations are quite favourable on the subject. Some see, in particular, an end to real estate problems which put a strain on the budgets of a number of enterprises, increases in productivity, more flexibility in the organization of work, retaining their skilled personnel, less absenteeism and, in certain cases, a saving in social security coverage.

The technological revolution taking place in the information field opens vast possibilities as far as economic progress, employment and the quality of life are concerned, at the same time representing a significant challenge. Telework is going to shatter the traditional professional way of working, as well as the relationship with the group of several million people worldwide who are concerned by the rapid development of the data processing industry. Slowly but surely the concept of the virtual enterprise is currently taking shape. In the near future a number of jobs will be able to be carried out at long distance, and therefore it will be indispensable to learn a new method of working. To respond to this challenge, all the actors in the enterprise must think differently in order to master this new way of working.

It is up to the authorities to act more efficiently to keep up with the rate of development of telework by means of an active and concerted policy of rural development and job creation, and by taking appropriate measures to allow telecommunications operators to supply the required networks at competitive prices.

In addition, it will quickly become necessary to establish all the socio-legal mechanisms which are indispensable for the active participation of, and dialogue between, the principal actors: employers, employees and trade unions. In this way, telework will be able to develop its full capabilities and contribute to the effective creation of new jobs for a mobile society. ❑



Jacques Maillard

Technical progress enables teleworkers not only to exchange information via their computer screens, but also to see and talk to each other as though they were sitting side-by-side.

[1] *Vittorio Di Martino and Linda Wirth, "Telework: A new way of working and living".* International Labour Review, *Vol. 129, No. 5, 1990, ILO, Geneva.*

[2] *"Workers' privacy. Part II: Monitoring and surveillance in the workplace".* Conditions of Work Digest, *Vol. 12, No. 1, 1993, ILO, Geneva.*

Employment services accumulate functions

Ever more responsibilities, ever fewer means. Public employment services are under pressure today. In the forefront in the fight against unemployment, they are too often misunderstood and are the object of unjustified criticism, says the author of a recent ILO study which examines the many angles of these all-important services.

"It might be said that employment services play the same role in a country as the personnel department in a large enterprise," their purpose being to "manage employment... but on a national scale". Depending on the time and place, employment services have been given various names. They have been known as "labour exchanges", "unemployment offices", "placement offices", or "manpower services"; today, however, they are welcoming, functional, often computerized and have become one of the most dynamic elements of community life.

As their name indicates, they provide services to people looking for work or vocational retraining, to enterprises which want to keep up with economic and technological evolution in order to expand their activities, and to the State. Determined to "ensure close supervision of the labour market, a means of monitoring the impact on employment of technological changes and structural adjustment measures which are the hallmarks of our times, many States are reorganizing, modernizing and strengthening their employment services".

This is how the author of a recently-published ILO manual* intended for trade union officials, explains the diversity of functions of employment services. They must adapt to the specific needs of each country and each situation. Their management methods can be different as well as their activities or their influence on the development of employment policy.

Historically, employment services started out as departments or divisions of the Labour Ministry. But some countries, under pressure from the social partners, gave them an autonomous legal status. They can also be created on the initiative of employers' and workers' organizations, or can have the status of a private institution with the character of a public utility.

A three-fold task

The most common situation, complying with a 1948 ILO Recommendation, is an employment service which is autonomous but placed under the supervision of the Labour Ministry, with the regional and local offices reporting to the national service.

"The importance of the local offices cannot be stressed too much in the general organization of employment services", the author emphasizes. "These offices are on the front lines, confronted by their end-users and their diverse needs. It is their ability to respond to these needs which is the final judge of the effectiveness of their entire range of services."

It should be pointed out that today the role of employment services has become widely diversified. The global objective which States confer upon them is a three-part one: to provide assistance to unemployed persons and help jobseekers enter

EMPLOYMENT SERVICES AND INTERNATIONAL STANDARDS

The first international standards dealing with employment services date back to 1919, the year the ILO was founded. When the first job placement offices made their appearance in a certain number of countries, one had to pay for their services. The ILO adopted a Convention whose aim was to bring this institution into widespread use according to the criteria of social justice, under the aegis of the State, with a new twist: job placement without fee.

The ILO came back to the question of job placement in 1933, and in 1944 proposed measures aiming at full employment. But it was only in 1948 that two instruments were adopted which today still serve as reference points for the objectives of employment services: Convention No. 88 and Recommendation No. 83.

Regulation of the labour market became one of the principal elements of national policy in 1964, having the same level of importance as, for example, agriculture, technology and budgetary policies. Thus, employment services continued to spread and were strengthened in 1978, 1984 and 1988 with the adoption of new ILO instruments aimed at establishing standards with a common objective: to provide an ever-increasing dynamic momentum to the promotion of employment and to protection against unemployment. These standards have had "a considerable influence on the legislation and practices of States, where they have been an important factor in social progress".

Jacques Maillard

Providing counselling and professional guidance to unemployed workers remain the principal functions of employment services, but over the years they have taken on other, often complex tasks.

or re-enter the world of work; to organize the job market so as to ensure that vacancies are filled as soon as possible by the best qualified workers and that the present or future demand for skills is matched by an appropriate supply of labour; and to formulate and implement measures to create new jobs.

This is a multi-function mission. First there are the traditional functions, such as the management of unemployment insurance, canvassing of employers and job placement, vocational information and guidance, labour market information, employment of foreign workers and transborder placement. Then there are the new functions, which can change with the evolving economic and social climate, such as specialized placement (maladjusted workers, managerial staff, temporary workers), vocational guidance, self-placement (encouraging individual job search), promotion of self-employment, especially in certain developing countries, placement in training within enterprises, occupational redeployment, special employment promotion programmes and management of employment funds.

"No employment service supplies the entire range of these functions, carrying out only certain ones depending on the needs in each national situation and according to their resources", notes the author. In some countries, for example Germany, employment services not only manage unemployment insurance funds, but also administer public social assistance to support those who have been unemployed for a long period.

Meeting places

Their size varies according to the jobs they are given to do by the enabling legislation, and their importance varies according to the problems of employment in the country. "It is clear that employment services have more to do in a country where the rate of unemployment is 18% than in another where it is only 2%."

Over the years, employment services have become considerably more than mere employment agencies. They provide a meeting place, they are sources of information, of employment promotion, orientation, enterprise counselling and sources of statistical data, etc.

Their management adaptability encourages initiative. The author gives the example of a recycling programme which, at the initiative of a Swedish employment service allowed more than 1,500 of the 2,200 employees of a shipyard, who were laid off for economic reasons, to be redeployed into enterprises in the region.

Workers' participation

Even though workers' organizations generally have a positive attitude to participation in labour administration, this was not always the case with regard to employment services. They are often reluctant to sit on advisory or management boards with representatives of the administration and employers.

The reasons for this reticence can be attributed to the state of industrial relations in the country or to a serious disagreement on government policy. But it can also be the result of a simple lack of interest. The author notes that, "When employment is managed mainly by private agencies, as in the United States,

and public services play a secondary role, at least as far as placement is concerned, it is understandable that such organizations are not particularly interested in playing a role in these management bodies." On the other hand, as in the case of the Côte d'Ivoire for example, it is possible that officials of the employment services, employers and workers come together to work on specific projects, even in the absence of clearly defined legal conditions.

The manual, "an instrument of knowledge and reflection", is especially intended for union officials to help them participate fully in implementing the system. In encouraging analysis and comparison, it can also lead to new ideas. Because what most characterizes employment services is their mobility and adaptability to a perpetually changing world, the world of work. ❑

* Introduction to employment services. *Workers' education manual. Sergio Ricca.ISBN 92-2-208106-9.*

THREE QUESTIONS TO... SERGIO RICCA

A POTENTIAL WEAKENING

Mr. Sergio Ricca, an official of the Labour Administration Branch of the ILO and the author of the study, responds to questions by *World of Work*. He emphasizes the risk to employment services of being weakened by the accumulation of functions they are called upon to carry out.

1. In a context of massive unemployment and a trend towards precarious employment, the effectiveness of employment services is frequently being questioned. Isn't it somewhat utopian to give the responsibility for "managing employment on a national scale" to a national administration; in other words, to a bureaucracy?

– Except in a system of centralized planning, which incidentally, hardly anyone believes in any more today, no single administration can pretend to manage the employment of an entire country. First of all, employment effectively manages itself under the effect of millions of decisions taken every day by employers who recruit or lay off and by workers who accept or quit a job. National administrations intervene in this market spontaneously, the better to ensure both a current and future general equilibrium between supply and demand, and job requirements.

Furthermore, employment services are not the only administrations which intervene in the labour market. There are the education and training institutions, which have a direct hold on skills offered, institutions which help disadvantaged populations to enter the labour market, orientation and counselling centres for young people or for workers whose skills have been made obsolete by technological evolution, etc.

Nevertheless, among this multitude of individual or institutional actors, employment services play a fundamental role in observing the market and in harmonizing interventions. It is this role which determines the quality of the general functioning of the labour market.

2. What are the principal difficulties confronting the functioning of employment services, and what must be done, in your opinion, to counter them?

– Employment services today are living a real drama. Public authorities are assigning them more and more responsibilities and giving them fewer and fewer means in proportion. First of all, they must help to create an equilibrium between supply and demand, and direct job requirements. They need to anticipate future job offers and qualifications and help workers and training centres to prepare for them. They must closely follow industrial restructuring and provide the vocational retraining which this calls for. They need to bring relief to populations excluded from the labour market and help in their reinsertion or subsistence. For several years now they have also been asked to correct or alleviate the effects of economic policies which, although undoubtedly useful to ensure the effectiveness and competitiveness of the production machinery, are devastating to the level of employment. By adding these responsibilities to all the others, this accumulation of tasks weakens the institution and exposes it to ever more severe criticism. Politicians don't hesitate to make them entirely responsible when the gap between employment supply and demand widens. Workers excluded from the labour market complain of the insufficient assistance given to them. Private employment agencies denounce the slow pace of their interventions and their bureaucratic methods.

3. After a wide-ranging debate, the International Labour Conference last year recommended closer cooperation between private agencies and public employment services. Can you give any examples where such cooperation is taking place?

– Labour markets are becoming so diversified and unpredictable that public service and private agencies can no longer continue to hurl epithets at each other or, at best, to ignore each other, as they have still been doing recently in a number of countries. The labour markets and the public authorities realize the necessity for public services and private agencies to work in concert as extensions of one another.

Examples of cooperation are multiplying and spreading. In the United States, for example, certain private agencies have real-time access to the computerized files of job seekers held by the public service. In France, conventions have been established between public service and private associations under terms of which the public service sub-contracts to these associations in return for subsidies, training programmes or help in the reinsertion of disadvantaged workers which the public service would normally have to carry out itself. In the Netherlands, decentralized public service offices and private agencies share the same premises and try hard to play complementary roles. Certain Swiss cantons pay private agencies a bonus for every successful job placement of a long-term unemployed person.

Working World

FREE ZONES

● **The Labour Ministers of Central America** held an important summit meeting in Tegucigalpa (Honduras) last July. Their aim was to harmonize national regulations dealing with free zones and they felt that there was no reason that labour standards in those zones should be less stringent than national standards; in particular, those dealing with basic workers' rights, including freedom of association. If carried out, such a position could thwart the threat of transfer of activities often in conflict with the respect for trade union rights.

● **In El Salvador**, the Government for the first time officially recognized a trade union established in the free zone; more precisely in a clothing enterprise. The event is important because of the strong anti-union practices in this zone.

LABOUR LAW

● **In Panama** the new Labour Code has gone into effect. Among the chief reforms are: better protection for pregnant women, especially against dismissal; relaxing the requirements for appeals concerning fixed term contracts, which can be prolonged for up to two years in the case of new activities or new employment; making sexual harassment illegal; extending severance pay to the level of one week of salary for each year of service, to be paid into a blocked account in order to protect against insolvency.

SOCIAL PARTNERS

● **In Belgium**, the National Labour Council, a joint agency, addressed a recommendation to employers and employees on the equality of treatment with regard to HIV-positive workers. As long as they show no symptoms of the disease they must be considered capable of working and treated as such. Equality of treatment should be respected during recruitment as well as in drawing up the work contract. The social partners must remain vigilant to see that these principles of equality are respected, and the world of work must help to disseminate information in this area.

● **In Austria**, workers' and employers' organizations jointly proposed a programme to defend industry in the country. The principal points of the programme are: a plan for vocational training, expansion of research, measures favouring exports, improvement of infrastructures, easing of bureaucracy and protection of the environment by looking for an equilibrium between costs and benefits in order not to discourage industrial location in Austria.

● **In France**, employers' and trade union organizations which manage unemployment insurance concluded an agreement permitting retirement before the legal age, on three conditions: that the person concerned has reached at least forty years of age, that the employer is in agreement and that he hire another employee to replace him.

TRENDS

● **In Colombia**, figures on the return from private pension funds were published for the period May-December 1994. They ranged from 35-49% with an average of 40.31%. After deducting expenses, their members' benefits were between 6.5% and 13.5%, with an average benefit of 7%, compared to a rate of inflation of 22.6%. Management costs absorbed 82% of the return. The managers emphasize that this situation is normal in a start-up period and that a return for members which is higher than the inflation rate is not expected before February 1997.

● **In the United States**, mathematical aptitude could be a factor in the growing inequality in salaries. According to a study carried out by researchers from Harvard University and M.I.T., the disparity in pay between new graduates who are good at mathematics and others rose from 5% in 1978 to 15% in 1986.

● An increasing number of **Japanese youth** who are working want to take up their studies again while continuing to work. There were 1,827 of them in 1989 and 4,641 in 1994.

EXCHANGE OF EXPERIENCES

● **In Edinburgh** (Scotland), an important international seminar will be held from 21-30 January 1996, on the initiative of the British Council, during which some thirty participants from around the world will update their knowledge of training methods and techniques in enterprise ownership and in the management of small enterprises.

● **In Melbourne** (Australia) the 12th reunion of the Occupational Safety and Health Organization of the Asia and Pacific Region will be held from 12-17 May 1996. An exhibition will be held with the meeting which coincides with *Futuresafe 96*, the most important national Congress on the subject ever to be organized in Australia.

Informal sector

Jacques Maillard

● In the Côte d'Ivoire, the number of jobs created in the informal sector in 1993, was estimated at 1.2 million, 63% of which were occupied by women. These figures, supplied by the National Committee of Informal Sector Operators, also puts the 1993 contribution of the sector at 20% of the GDP.

● In Gabon, a National Union of the Informal Sector has just been created. Its declared objectives are to improve the milieu by encouraging members to regularize their situation with the administration and to ensure training for those who want it. Another example of this kind of organization has existed in Senegal for several years.

● Mali has just created a "one-stop office" where one can complete, at one time, all the procedures required to create an enterprise and to obtain the authorization to operate it. The time required to obtain this authorization has been reduced from three months to three days. The ILO has managed a number of activities in support of the informal sector in this country and the creation of a "one-stop office" was part of the recommendations formulated by its experts.

This page was prepared with the collaboration of the *International Labour Review* of the ILO

Work: Yesterday, today and tomorrow

Guy Roustang*

The ever-increasing role played by machines in the production process and the persistence of massive unemployment in many countries, have led to an ever more insistent question: Isn't work given an exaggerated importance in life and society? Author of several books on this subject, sociologist Guy Roustang points out that this "glorification" of work is recent; he decries the impasse of an economics-oriented approach and calls for a new direction of social life towards activities on the scale of the true aspirations of mankind.

There have been spectacular changes in the past centuries regarding the place which work occupies in our social life. It is useful to recall briefly the broad outlines of these changes before suggesting desirable directions for the future.

From contempt to glorification

Ancient civilizations, notably the Greeks, scorned work because it took great effort and did not allow them time to devote themselves to the political life of the city. Thanks to the slaves who provided for their needs, citizens were free to devote themselves to public affairs.

In XVIIIth-century Europe, theoreticians advocated against the idea that work is degrading and sought on the contrary to justify it and to give it respectability. Little by little working became a mandatory obligation for everyone, and those who did so wore the proud title of worker. On the contrary, one who did not work was considered a parasite; to be constrained to inactivity is decay.

Thus, the contrast between contempt towards work in ancient thought and its glorification in modern thought is striking. Work changed from the most contemptuous situation to a place of honour, because it is recognized as a source of increased wealth. For A. Smith, as for Marx, so impressed with the new possibilities of producing tangible goods in quantity, political functions in the wider meaning (those of a sovereign, judges, men of law or letters), are considered unproductive, even parasitic. Thus, there is a complete inversion of values compared with ancient society.

Jacques Maillard

More and more, robots are replacing man in the workplace...for better or for worse?

"...it is work which distinguishes man from animal, and yet his dream is to free mankind from work by improving productive forces"

The principle of the supremacy of work culminates in the thoughts and writings of Marx: man is created by work, and not by God. But his work is caught up in a basic contradiction, one to which we must pay careful attention, because it is this same contradiction in which our societies are imprisoned. For Marx, work is the most human and the most productive of all activities, but the aim of the revolution was to deliver mankind from work, because, "freedom begins only when work based on need ends". In the final analysis, it is work which distinguishes man from animal, and yet his dream is to free mankind from work by improving productive forces. As one commentator pointed out, "the hope which inspired Marx...rested on the illusion of a mechanistic philosophy which assumes that the strength of work, like all other energy, is never lost, so that if it is not expended or exhausted

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in the drudgery of life, it will automatically nourish higher-level activities".

Dangers of economics-oriented life

This mechanistic philosophy has led us to play the sorcerer's apprentice, to free those forces which we would master with difficulty. Economists (and many others) consider that man always has new needs, and therefore the increase of production and consumption must go on forever. The dynamic of the system rests upon man's insatiable character and on the confusion between needs, envy and desire. Whereas needs disappear once they are met, desire is never gratified in any manner. Publicity plays on this confusion by giving us the desire to consume ever more.

If today very high productivity brings us freedom from work (and increases the number of unemployed...), far from seeing the dawn of a future liberated from that necessity, politicians, enterprise owners and trade unionists preach a stronger growth and a more vigorous recovery in consumption. This is enslavement to a vicious cycle of production and consumption, and the more quickly we use up consumer goods (including those called "durable") the more we feed the biological cycle of work and consumption, of production-destruction.

The results of this mechanistic philosophy have been late in coming to light for various reasons. With the remarkable development of education for all, health, comfortable housing, the possibility of travel, etc., the pursuit of economic wealth made sense for both the individual and the community. National States regulated economic life and brought about a more-or-less equitable sharing of the fruits of growth among everyone.

But today, all that tends to fall apart because of the globalization of the economy and development of the service sector. And we are confronted with a formidable evolution towards a growing dependence of society on runaway economic machinery.

The globalization and "financialization" of economies weaken possibilities for intervention by the State. Politicians in power see themselves more and more as administrators. Inequalities increase and feed the exclusion process for both people and territories. Teachers don't feel wanted, whereas one might have expected them to be seen as being in an ideal position to prepare for an intelligent use of spare time. In order to bring in advertising revenue, television, obsessed with the size of its viewing audience, tries to please that which is least worthy in each of us. The chasm deepens between individuals and institutions (religious, trade union, political). We are thus in the midst of a paradox of rich societies more and more subjugated to economics which no longer make sense but which they relentlessly pursue.

Limiting needs

If Marx was a prisoner of a mechanistic philosophy, that did not prevent him from writing that ancient peoples had a fair hierarchy of problems. For example, what interested them was not to know, "what type of property ownership would generate the most wealth... What one still has not found is which form of ownership would create the best citizens..." And Marx commented, "This ancient opinion, according to which mankind is considered to be the end product of production... seems very lofty compared with the modern world, where production is considered to be the aim of mankind and wealth as the aim of production". Another fundamental idea which is gaining ground today is that abundance comes from a limitation of needs and not from the unrestrained pursuit of ever more.

Another fundamental idea which is gaining ground today is that abundance comes from a limitation of needs and not from the unrestrained pursuit of ever more.

In order for the political domain to grasp the helm on economics once again, these two ideas are inescapable: to limit our needs and ask ourselves what activities create the best citizens. If wealthy societies (or the wealthy in different societies) do not limit their consumption, it will be impossible to allow all of mankind to have the necessities of life.

But that assumes a change in nature; instead of believing that progress comes from ever-increasing consumption, it must be recognized that it is selfless activities which are susceptible to unlimited development. And in the areas of art, culture, science and philosophy, progress does not come about at the expense of others. Quite to the contrary, there is a mutual enrichment.

Four types of activities

If one eventually abandons the mechanistic philosophy, one must answer the question: What links between various activities create the best citizens? One might suggest retaining four activities (among many other possible classifications): employment or paid work, unpaid social work, production work for one's own use or that of close relatives, and selfless activities.

In our societies, work is the source of individual independence and social integration. Admittedly, a reduction in working hours, which would distribute incomes and the volume of work required to more people, would avoid the worsening of unemployment. The fear of unemployment must not lead to the creation of just any kinds of jobs. Along with the creation of socially useful jobs, the suppression of those which result in a harmful organization of society must also be considered. Among the jobs which should be given greater importance, there are those which will encourage and sustain the three other types of activity.

Given the reduction in working hours for everyone, one might hope that each person will voluntarily devote a part of his unpaid time to socially useful work which today is difficult to finance; for example, taking care of people and activities towards the conservation of natural and cultural heritage. These activities should grow as a result of collaboration between salaried work and voluntary service.

Production work for one's own use or that of close relatives is socially invisible today because we give far too great importance to a cash economy. But this type of work is very important from now on for three reasons: sometimes it allows an escape from poverty or public assistance, it always develops a capacity to take care of oneself and one's close relatives, and finally it favours those production methods which most respect the natural environment. At the beginning of the 1960s, the philosopher Hannah Arendt wrote, "It is a workers' society which we are going to set free from the assembly lines, and this society no longer knows anything about higher-level and more enriching activities for which it would be worth gaining this freedom." Therefore, we must favour the development of these selfless activities, where everyone will be able to give the best of himself. But the exercise of liberty assumes that there is education; living to attain purely economic objectives does not bring education – quite the contrary. ❑

Central America

Small business enterprises find strength in unity

In Central America, poverty is growing twice as fast as the population. Two out of every three persons are affected. But this is no time to give up. In the cities as in the countryside, the existence of thousands of microenterprises is proof of the efforts undertaken by both men and women to overcome misery and provide for themselves. An ILO-led programme* is helping them to organize themselves at the local, national and regional levels.

If you plan to visit Costa Rica during your next vacation, a small country overflowing with natural, cultural, and human riches, you will no longer need to follow the main tourist channels: international travel agencies, luxury hotels or packaged tours. On the contrary, you could experience the charm and welcome of Costa Rican families using the bed-and-breakfast formula, organize your trip in a flexible way in agreement with your hosts and discover sights off the beaten track with the help of local guides. This can all be arranged through a very original tourist agency which emerged as a result of activities of local associations.

This enterprise, JADETOUR S.A., created less than three years ago, is rapidly expanding and at present has 500 shareholders. Its role is to commercialize "packaged" services of over 30 associations grouped within a national Chamber of tourist microenterprises, with a membership of 1,500, a majority of whom are women. They are trying to weave tourist activities into the fabric of national economic life, while at the same time trying to promote "ecotourism", which respects the environment.

This initiative has given rise to the keen interest and support of government authorities. In this way, jobs were created and income generated for populations who are now full-fledged actors on the stage of national development instead of suffering the often negative effects of a rise in international tourism. Their success has reverberated beyond the borders of Costa Rica and many other countries in the region may soon be inspired to follow suit.

A COMMENDABLE PROGRAMME

In many ways PROMICRO exemplifies the principal strengths of current technical cooperation activities of the ILO.

- *It covers not one but seven countries; that is, the whole of the Central American sub-region and, by furthering it, becomes part of the integration process already started: regular meetings of Heads of State of the sub-region; strengthening of the Central American Parliament's activities (PARLACEN); setting up of an economic integration secretariat, of a development bank and other community economic and social institutions.*
- *It is not a substitute for national or regional efforts, but rather it supports them at the request of the countries concerned.*
- *It is implementing the active partnership concept by extending the idea to include NGOs in the informal sector as partners, opening the way to an affirmation and a reinforcement of the society at large.*

These characteristics make it a useful model for other regions of the world. A similar setup, promoting cooperation between all organs supporting the informal sector, is being put in place in French-speaking West Africa, and is being studied in the Maghreb countries.

Helping the most destitute

The development of this association network in the Costa Rican tourism sector is only one example, among many others, of the outreach of an international support programme for microenterprises (their members, their structure, their environment) of all of Central America.

Launched by the ILO in 1991 with the financial support of the Dutch Government, this programme (PROMICRO) benefits from the experience of the many ILO informal sector assistance projects during the last decade in Africa, Asia and Latin America. Its originality comes from its dual nature: encouraging action at the grass roots level while at the same time unifying at the national and regional levels.

The main objective is to allow the most destitute populations, those directly affected by the combined effects of the recent civil strife, structural adjustment and the globalization of the economy, to get a second chance to demonstrate their potential. And not only in the classic activities of the informal sector – small handicrafts, repairs, small services, street vending, etc. – but also in more modern areas with richer perspectives for the future such as the tourist sector, protection of the environment or public services.

Together, the seven beneficiary countries of the programme – Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama – account for about 30 million persons, of whom 20 million are in a state of poverty. A real gap exists between the richest – 20% of the popu-

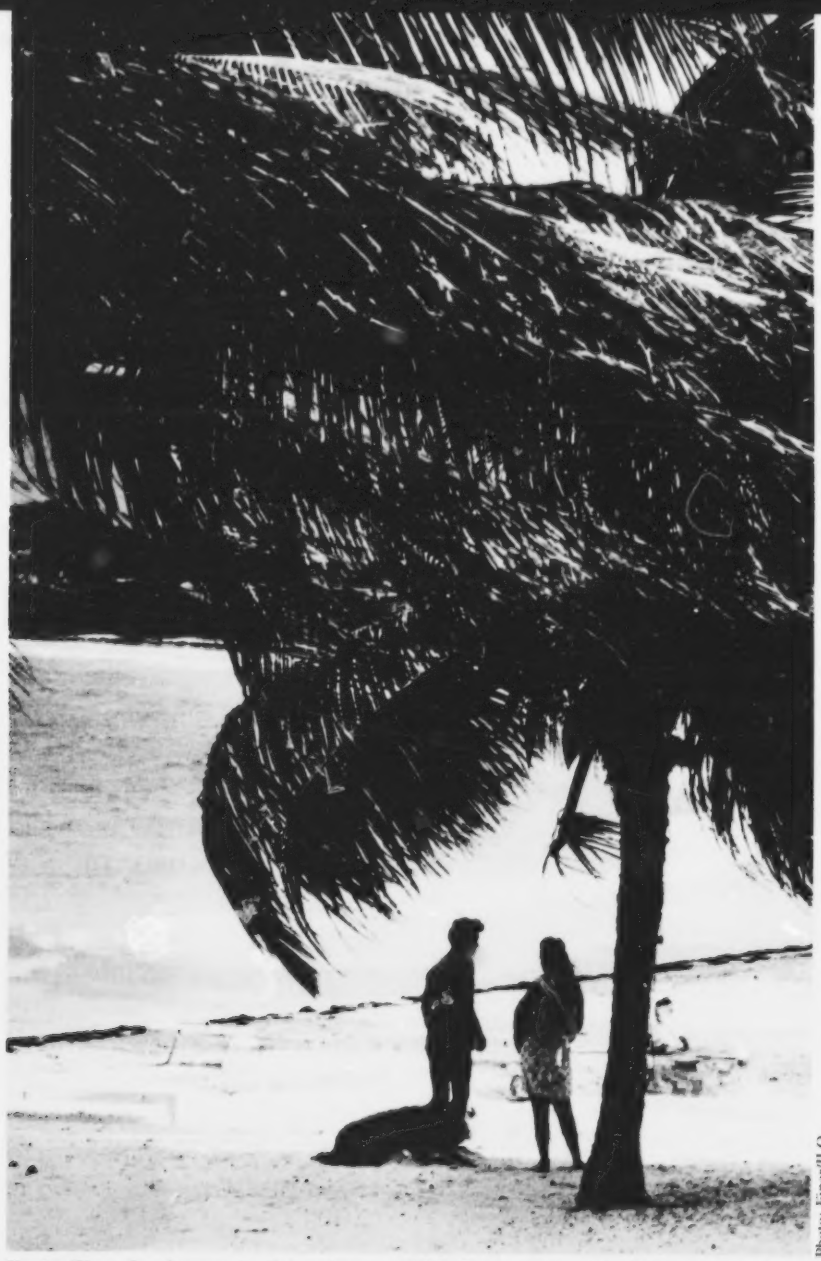


Photo: Finer/ILO

Controlling development of tourism – which has great potential in view of the geographical situation of the region – can create jobs and generate income for the population.

lation commands 57% of all incomes – and the poorest, the 20% at the other end of the spectrum who share 4% of the total.

Over the last few years the impoverishment of urban zones has accelerated all over Central America. It is estimated that about 3 million persons are forced to exercise an activity in the informal sector in order to survive; 40% of them are working in microenterprises as employees or owners and the other 60% work for themselves. However, it is in rural zones where extreme poverty is still concentrated.

Four lines of action

Confronted with this worrying situation, since the end of the 1980s the governments of these countries formulated and tried to implement national projects and programmes (PPN) in order to channel technical and financial resources into informal sector activities. Financed by variable amounts of national and international contributions, these programmes mainly aimed at creating stable jobs or consolidating existing ones which are notorious for their weakness and precarious nature.

The Netherlands and the ILO took the initiative of proposing PROMICRO as a sub-regional support mechanism, their aim being to facilitate the dialogue between all the interested parties and to harmonize the programmes. With a budget of almost 2 million dollars, the first two phases of this support activity (from March 1991 to February 1996) have enabled the development of a group of activities organized around four principal lines: technical assistance and advice; applied research, systematic exchange of experiences and development of new products and services; meetings and training; information.

The PROMICRO specialists – an ILO expert and two Dutch Associate Experts supported by national consultants – work in close collaboration with the officials of the national programmes and members of local NGOs. They attempt not only to consolidate existing structures and cooperation at all levels, but also at the grass roots level to create productive units run by families, associative enterprises and corporate organizations. Their activities concern technical aspects of production as well as training, marketing, access to credit, the right to freedom of association and modalities of social security. Moreover, particular emphasis is placed on the improvement of the situation of women who manage microenterprises.

The strategy implemented, which depends largely on the abilities of the many NGOs active in the informal sector, contributes toward creating and progressively developing a true partnership between the public authorities and the society at large, in the beneficiary countries. It is interesting to note that this partnership is extending the application of tripartism – the basic principle of the ILO – to a sector where, by definition, employers and workers' organizations have less of a presence, if not entirely absent.

Convincing results

The results already obtained are impressive. Some are especially important and significant.

- At the regional institutional level, two coordinating bodies were established and have been operating regularly since October 1993: the Forum for National Programmes, a privileged instrument for the exchange of experiences, coordination of national policies and the launching of initiatives aiming at the promotion of microenterprises; and the Committee of Microenterprise Entrepreneurs of Central America (COCEMI), which acts as their spokesman vis-à-vis the institutional system.

Four regional conferences have already been organized and the subjects covered reflect a tendency towards an increasingly marked integration of the activities of the sector.

- At the level of practical means of cooperation between the partners of the programme, the COCEMI conceived, with the assistance of PROMICRO, a project for the installation of a telecommunications network (MICRONET) which fa-

cilitates communication and the exchange of information between COCEMI, the national committees, the associations and the institutions which make up the support system for the microenterprises. This network, which is already being set up, will also provide the benefit of a service of primary importance to the development of the sector; namely, to supply all members with a continual flow of commercial information.

- At the local level, the assistance and advice of PROMICRO have enabled, among other things, a revolving fund for self-management to be set up for the benefit of five associations of entrepreneurs in El Salvador. The 152 members of one of them can now not only consolidate their savings but it also frees them from dependence on moneylenders and helps them to profit from other association-related benefits: life insurance, cleaning and security services.

- Again at the local level, PROMICRO assisted in the creation of several experimental microenterprises in the sectors of tourism, cleaning up the environment, and enterprise accounting services. Other than the example given at the beginning of this article, microenterprises for cleaning and maintaining streets and green spaces have now, in the perspective of privatization, taken over from the municipal services of San José, the capital of Costa Rica. This pilot project is now being transferred to other regions of the country through seven distinct projects and could be applied in other countries as well. In Honduras, accountants finishing their studies have set up an enterprise offering services in accounting, financial assistance and planning of local microenterprises. This has created jobs and the viability of a large number of informal sector businesses has been improved.

Photo: Roa/ILO

Among the programmes' priority actions, promotion of traditional or innovative activities stands out, allowing women to increase their income and gain respect for their rights.

Towards a third stage

From March 1996, PROMICRO will enter its third phase and additional financing of over 3 million dollars has just been granted by the Dutch Government. The evaluation of the results of the two earlier phases has been largely positive, but it also stressed certain weaknesses and shortcomings.

It has become indispensable to undertake stronger efforts in the transfer and dissemination of the resulting methodologies, practical experience and knowledge gained. Moreover, PROMICRO needs to consult more closely and regularly with its partners, together with a diagnosis of the priority support needs of the region's microenterprises. Finally, some countries – like Guatemala, for example – where this programme is still limited, should be given more attention.

Among the immediate objectives of the third phase of the programme are: the improvement of the operational and institutional capacity of the partner agencies, and of the productivity and competitiveness of the enterprises benefiting from it; the development of the levels of technical, operational and institutional expertise of COCEMI; continuing aid to national programmes and to the Forum in such a way that they are able to conceive, execute and evaluate the totality of their technical and financial assistance activities; and finally, the accomplishment of a genuine equality of rights and opportunities between the sexes in the microenterprise sector. ❑

Michel Fromont

** For further information on the Programme, contact the Coordinator, Mr. Carlos Maldonado, Entrepreneurship and Management Development Branch, ILO, Geneva.*

Africa

From

Several countries, particularly in Africa, are reeling under widespread damage caused to their economic and social infrastructures by prolonged periods of conflict. The ILO looks at reintegrating the hundreds of thousands of ex-combatants left idle at the end of the wars, by finding ways to help them to adjust from a life of order-taking and dependency to one of self-reliance; from war-making to peace-building.

In Africa the scale of the problem of demobilization and reintegration of ex-combatants has grown rapidly, taking into account the number and enormity of armed conflicts during the last decade. Ex-combatants, if not reintegrated effectively, are a potential threat to the security and peace process.

Conflicts have compounded the poverty situation and have increased the vulnerability of the population. Countries emerging from civil strife often have open unemployment rates of over 25% in urban areas. None of the countries appears to have the capacity to absorb the normal levels of new entrants to the labour market. The governments have a limited capacity to create or expand employment opportunities.

How many ex-combatants are waiting to be reintegrated into the world of work? In Angola they are estimated to be 250,000; in Ethiopia the number is over 300,000; in Mozambique 100,000 and in Eritrea and Liberia 60,000 each. Many countries

ar-making to eace-building

World Council of Churches

In economies most often ruined by war, the reintegration of ex-combatants poses serious problems, but the return to stability depends on its success.

also face the problem of child soldiers (for example, Liberia where 6,000 have been identified), youths who entered armed conflict at a very young age, female and disabled ex-combatants as well as civilian war victims.

A key factor

Reintegrating large numbers of ex-combatants into the economic and social life of a country immediately emerging from conflict is a key factor in establishing stability. Vocational training and employment are important elements in this process. Both of these sectors require considerable efforts by a wide range of "actors", not least among them the receiving communities and families.

Combatants come from various factions where they have been supported financially. Finding alternatives to support them in the short and long term is a key for the success of the demobilization process. Within the national context, a high-level, neutral and non-discriminatory organization is a critical prerequisite to undertaking the task: in policy making; in coordination; in approval of strategies; in information collection, programme and project development and funding; in monitoring progress and results. In any case, before any programme can be launched, there should be a complete cessation of hostilities, a minimum degree of stability and a clear national authority.

One can note several other obstacles to national action, all of which can require outside assistance. As such, experience in resettling ex-combatants is relatively limited. Very often persons charged with this task work with scant resources and without basic information on the requirements for successful reintegration. The situation is complicated by limitations on time, massive damage to infrastructure, internal security problems, scarce human and financial resources, extensive land mining, the paucity of wage opportunities in the agricultural sector and the intense competition for land and resources.

Women, children and the disabled

The alarming trend of enlisting child combatants below the age of 18 into armed conflicts in various countries requires special attention. The children are not always directly involved in fighting but in carrying out support duties: cooking, cleaning, gathering information and intelligence, transporting weapons, etc. However, there is increasing evidence that large numbers of children are being used in fighting. Once peace has been established, training for those of working age is a problem. They receive no benefits, cannot access special programmes for demobilized combatants, and are often subject to negative reactions from communities.

Women ex-combatants are another subgroup needing special attention as they often face specific problems for reintegrating into the job market. Traditional attitudes towards women's work and place in society are one constraint. Lack of access to all benefits for ex-combatants such as training, credit and support services are others. Training and related support can be key factors in overcoming some of the constraints by opening access to group work and non-traditional activities as well as credit for self-employment.

Large numbers of disabled combatants are one legacy of armed conflict. Self-employment of disabled ex-combatants would reduce the burden on the family and the community and enable them to be a part of mainstream social and economic activities. This is the main policy consideration for encouraging the participation of disabled ex-combatants in small and micro-enterprises, taking account of social barriers which limit access to finance, purchasing and licensing, etc.

National efforts and results

Over the past several years, many countries have undertaken programmes at a national level for the benefit of various war-affected groups, including demobilized combatants, often in collaboration with, and the help of, international non-governmental organizations.

Ethiopia reported a total of 234,160 ex-combatants who were assisted in the agricultural sector and some 85,000 in

the urban sector by the end of 1994. Among those, some 15,150 were re-employed by former employers, 39,500 secured contractual jobs, 1,400 were absorbed by the Ministry of Health, 7,405 were put on pension for long service, 6,000 were taken into the national army, 7,640 resumed studies and 7,908 were issued licences for micro-projects. Many disabled combatants were given medical assistance.

In Mozambique, a number of demobilized combatants were employed and trained as de-mining teams. Additional training was given to ex-combatants with health-related skills to work as paramedics with de-mining teams. In the agriculture and fisheries sector and skill-based small enterprises, many received on-the-job training and received a set of tools to enable them to set up in self-employment. By the end of 1994, 450 demobilized combatants had been trained through accelerated vocational training programmes funded by bilateral cooperation. Under a government and ILO project, by the end of 1994 more than 650 trainees were enrolled in entrepreneurship, and 3,000 in skills training cum business courses.

In Uganda, continued conflict during the period 1971-1990 created waves of refugees and internally displaced persons. In this context, the new government formed an enlarged national army by absorbing parts of various armed forces as a means of securing peace. When demobilization was finally undertaken, approximately two-thirds of all ex-combatants opted to return to rural areas and engage in agriculture. Most were unskilled with a low level of education. A project for training ex-combatants in road construction and as small contractors was also undertaken.

In Zimbabwe, at independence, a survey of 5,000 combatants was carried out by the Department of Social Welfare. About 50% of them were young, between 20 and 25 years; 80% were unmarried; 75% had no previous employment; 13% had no education, 69% were unskilled and 16% were semi-skilled or skilled. The skills had been acquired during military service. Formal education was the choice of 15% and 6% opted for vocational training. The vast majority did not want to go back to farming and a very small percentage expressed interest in agricultural training. Employment in industry was the most preferred choice followed by civil service, commerce and construction. The public sector absorbed a large number of demobilized combatants, including the army which had to be enlarged. A small percentage found employment in the formal sector and the rest were engaged in agriculture, small business, other activities or remained unemployed.

Training towards job creation

Skills training for ex-combatants is often seen as "training for wage employment" whereas the reality is that they must often create their own opportunities. ILO officials argue that employment-intensive community works programmes can provide short-term relief if cash is provided as part of an incentive package. In light of economic circumstances, self-employment in non-agricultural activities is often the only long-term alternative for many, but this requires access to equipment, tools, credit and production-related support.

Therefore programmes have to refocus on training to improve the capacity of the trainees to create income-earning work opportunities for themselves through well-tailored programmes. It means linking skills training to identified market opportunities, to credit and/or basic tools and equipment for production start-up and to business training. Demobilized combatants also need counselling and job placement services.

The ILO's role

The ILO can play a significant role in reintegration programmes for ex-combatants mainly in employment and training. It can provide technical support for those designing, organizing, implementing and managing training projects for reintegration, for organizing data collection and data bases related to self-employment and micro-enterprises, small business plans and bankable projects, and arrange the regional sharing of experience and capacity building for consultancies by such persons. To exchange current experiences among post-conflict African countries and develop guidelines for planners and implementers of reintegration programmes for demobilized combatants, the ILO recently organized an expert meeting *(see box)*.

In this area, the increasing number of requests for advice and assistance in programme and project development for the reintegration of ex-combatants that the ILO receives is not limited to Africa. These guidelines can be further expanded in an effort to improve social and economic reintegration of ex-combatants in other regions of the world. ❑

Kiran Mehra-Kerpelman

MEETING THE CHALLENGE OF REINTEGRATION

The ILO held an expert meeting in Harare (Zimbabwe) on reintegration of ex-combatants. The meeting focused on the challenge of reintegration. About 30 participants from Africa (Angola, Ethiopia, Mozambique, Namibia, Sierra Leone, South Africa, Uganda, Zimbabwe) and Cambodia exchanged current experiences on their reintegration programmes. They also helped to develop guidelines on the training and employment of ex-combatants. The participants emphasized especially that:

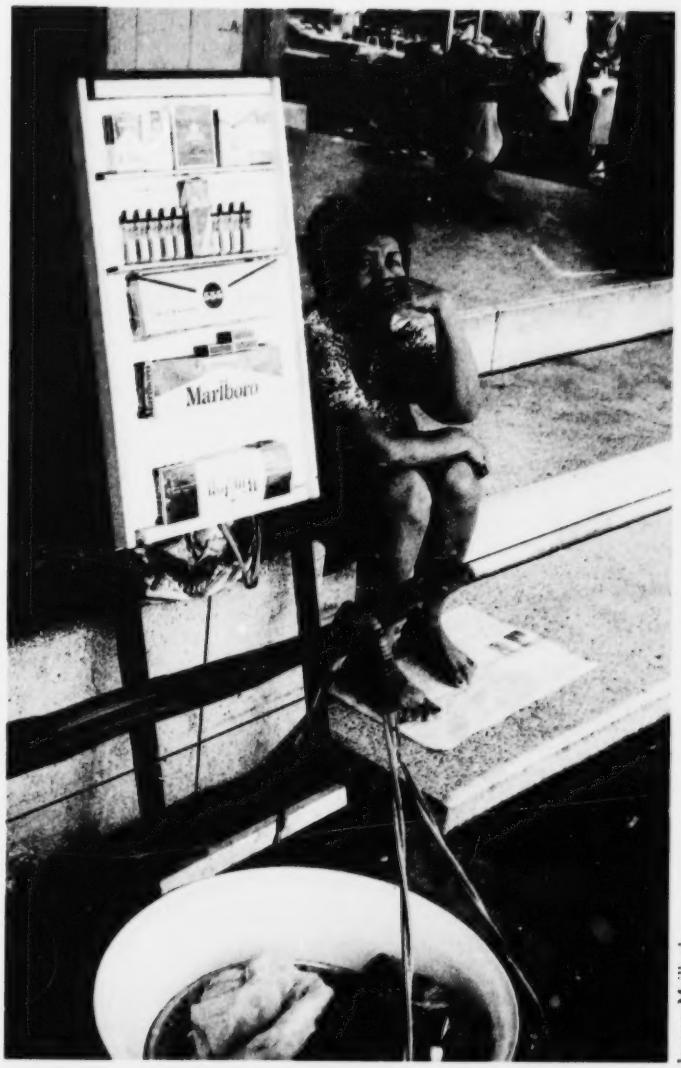
- *A critical factor for successful and sustainable reintegration is the economy's ability to generate employment-intensive growth and income-earning opportunities in all sectors including agriculture.*
- *Reintegration of ex-combatants should receive top priority in the post-conflict agenda and should be seen as an integral part of national reconstruction and development. Receiving communities should be fully involved in the planning of such programmes.*
- *A distinction should be made between short-term coping or survival programmes and medium- to long-term reintegration programmes.*
- *Training can help to increase access to productive work in all sectors but social and psychological aspects should also be considered.*
- *A strong link must be forged between practical self-employment opportunities (including agriculture), the expectations of ex-combatants and the training programmes.*
- *Governments must provide resources and support to communities where reintegration is taking place. Employment-intensive works programmes should be seen as a key component for community rehabilitation, and promoted. Ex-combatants should be included in such programmes, along with other war-affected groups.*

The participants suggested that the meeting be followed up with national seminars and workshops on the issue, especially for adapting the guidelines. The ILO would continue its efforts in the task of reintegrating not only ex-combatants but other war-affected groups also.

Asia

Enabling the poor to benefit from growth

In spite of rapid economic progress, most countries in Asia and the Pacific, which account for over two-thirds of the world's population, fall short in providing comprehensive social protection to their populations. A recently published ILO booklet* presents an overview of social protection systems in the region and proposes improvements, and extension of the system.



Jacques Maillard

In a number of Asian countries, subsistence economies still largely predominate. For millions of workers in the informal sector, family or community solidarity is the only recourse in adversity.

"Social protection" is a broad concept embracing health and social services, as well as a variety of social benefits in cash and kind. With some exceptions, developing countries in Asia do not reach a significant proportion of the economically active population. There are both gaps in coverage of social protection and deficiencies in standards of protection. The main weaknesses of the present social security system in most developing countries are the failure to provide a guaranteed real income, the lack of health insurance and the persistence of limited employer liability schemes as a result of delays in starting or implementing social insurance schemes.

Persisting problems

In most Asian countries the GDP spent on social security benefits in recent years has ranged between 1 and 3 per cent, with the majority of the population, especially in rural areas, relying in times of adversity mostly or entirely on the traditional extended family and community support.

Initially, social security legislation in developing market economies applied to the organized sector. The desire for higher standards than those possible under employer liability schemes has resulted in a trend for establishing social insurance schemes in this part of the economy. Most of them have succeeded in attaining the appropriate

standard, but only a gradual rather than the hoped-for rapid expansion of coverage. Consequently, employer liability schemes are still being relied upon by large sections of the labour force.

Contributory social security schemes in developing market economies have been expanding slowly due to a lack of economic growth. But economic progress in itself is not a guarantee of social security protection, nor is it a necessary pre-condition. Countries as different as China and Sri Lanka, despite low per capita incomes, have achieved good health standards and higher life expectancy, in which social protection has played its part. The two countries demonstrate that it is public policies and their enforcement that matter above all. Many countries still have to overcome administrative difficulties and deficiencies in the health infrastructure. Many schemes have still not reached everyone in the formal sector, while only a few are endeavouring to extend to the informal sector. To escape from the poverty trap, a multiplicity of problems need to be dealt with: low incomes, lack of jobs, underemployment and landlessness are accompanied by inadequate access to health care, education and credit.

New problems emerged in recent years. The growth of part-time work, deregulated export-processing zones, homework, subcontracting and informal sector employment have reduced social protection coverage, particularly for female workers. Large-scale contract migration, especially to the Gulf States, has usually not been subject to social security agreements.

Furthermore, in many countries employers do not comply with social security legislation. Except in a few small countries with efficient systems of administration, there is widespread concern about the deficiencies of labour administration. Legal infractions are not only common in the field of maternity and employment-injury protection, but also with regard to child labour, wages, working conditions of women and minors, and severance pay. Labour administrations complain of inadequa powers for inspectors, low penalti for offenders, and lack of resources f staff, training and transport.

Unscrupulous enterprises, especial in the non-unionized sector, reduce m ternity pay or dismiss women befo any liabilities arise. Others evade t statutory requirements on reporting accidents and registration of paymen under workers' compensation legisl tion, which undermines supervision public authorities.

Transition economies

Centrally planned economies, suc as China, Laos, Mongolia and Viet Nam which are committed to new econom policies face different kinds of prob lems in restructuring their social pro tection systems. They still have a form sector with extensive social protectio based on guaranteed employment state-owned enterprises and governme services.

In this type of regime, State- an collectively-owned enterprises have bee responsible for financing and admin istration with government and trad unions supporting the benefits. Today State enterprises are closing down, be coming privatized or shedding labou unemployment, an emerging private sec tor and foreign joint ventures are ne features of transition economies.

The essential tasks are to shift th responsibility for social protection t social insurance funds, restructure th benefits and financing system, broade the coverage and improve the rudimen tary system of social protection for th rural population.

Improvements

No single approach can have a last ing effect; therefore countries have trie to mount wide-ranging programme aimed at tackling the basic causes o poverty: income support, direct provi sion, capacity-building and welfare an insurance schemes.

Examples for income support ar manifold: China is one of the few de veloping countries with an unemploy ment insurance scheme, which has significant role in adjusting labour suppl to demand. In other countries, sever ance payments to retrenched worker may help enterprising persons to sta informal sector activities. India's Na tional Renewal Fund proposes to pro vide retraining and counselling to worker

INDUSTRIALIZED COUNTRIES: BETTER TARGETING

Social security has a much longer history and a more prominent role in Australia, Japan and New Zealand: all of them have achieved full coverage of the population for the nine recognized social security contingencies. Some of the policies and strategies followed are of real interest to developing countries seeking guidelines for their efforts to increase the impact of their social protection systems.

The benefits have become increasingly elaborate to meet better the needs which were otherwise only partially catered for by standard payments. Directing benefits where they are most needed and giving incentives for return to work are constant concerns for these social security schemes.

The methods adopted for achieving the goals of social security in these three countries have been quite different. In general, Australia and New Zealand have preferred the universal and social assistance approaches, providing cash and medical benefits to all citizens and long-term residents financed largely or solely from tax revenue. Japan's main technique has been the pooling of risks in social insurance funds to which employers, employees and the government contribute, and combining schemes to cover different groups of the population.

Prolonged economic recession, causing a high rate of unemployment and lower tax contribution revenues, as well as demographic changes have intensified the debate on the reform of the social security systems in industrialized countries.

Reduction in the State's responsibility for direct provision of social security has been an underlying theme in recent changes in pensions. In Australia the private pension component of retirement income has been strengthened. Private pensions are encouraged in Japan through a system of contracting out equivalent pension plans from the Employees' Pension Scheme. Wage and training subsidies influence employers to retain older workers.

retrenched as a result of technological changes and modernization.

Direct provision includes feeding programmes in Bangladesh, India and Sri Lanka. These schemes are targeted to the very poor as opposed to general subsidies on essential commodities, for example for the urban population in China or through "fair-price shops", under public distribution schemes, as in India.

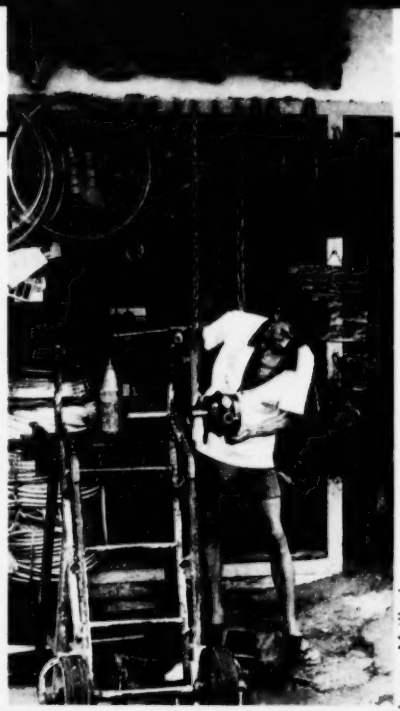
Several countries also endeavour to strengthen the income-earning capacity of disadvantaged groups. Such approaches are found in countries as diverse as India, Indonesia, Malaysia, Mongolia, the Philippines and Viet Nam. The Grameen Bank in Bangladesh has pioneered schemes for lending to the poor, notably groups of women.

Welfare and insurance schemes are at the very heart of social security. India has organized several labour welfare funds for homeworkers rolling cigarettes, miners and cinema workers. Group accident and life insurance schemes exist as well for poor families, landless agricultural labourers and fishermen.

Some countries have succeeded in extending the existing schemes significantly in order to attain the standard of ILO Conventions. The Republic of Korea implemented health insurance schemes for the entire population between 1977 and 1987. A pension scheme was introduced in 1988 and a law on an employment insurance scheme was passed in 1993. In the Philippines, the comprehensive social insurance scheme was extended to Filipino seafarers on foreign vessels in 1988, to self-employed farmers and fishermen in 1992 and to domestic workers in 1993. In 1990, the Social Security Act was approved in Thailand, providing for gradual implementation of a full social security programme.

In China, the urban pension scheme for workers in State- and collectively-owned enterprises and joint ventures is moving away from direct enterprise responsibility to the pooling of pension liabilities and financial resources at the city, county or provincial level. The concept of self-financing social insurance through contributions by employers and workers is being realized in Mongolia and Viet Nam, where the larger State share of expenditures is no longer feasible or acceptable.

Unemployment is a growing problem which is dealt with through severance pay in most developing countries. China's 1986 unemployment insurance scheme is an exception: it covers 70 million State-enterprise workers for the risk of unemployment due to retrenchment, closure or termination of contract. In rural areas, the emphasis is on self-help, as exemplified by the experimental rural pension scheme in China.



Jacques Maillard

What can be done?

Analysing these positive trends, the ILO gives a number of recommendations for future improvements of the social security systems in the region. The basic assumption of these recommendations is that programmes of economic restructuring should incorporate the social dimension at an early stage. The poor "deserve it not simply on humanitarian grounds, but because, like other investments in human resources, they are part of the engine of growth".

To reach this general policy aim the planning of social security will have to be integrated into macroeconomic planning to ensure consistent policies and operational strategies. For example, policies for improving the informal sector's capacity to create employment should be consistent in such matters as social protection, working conditions and occupational safety and health.

For the informal sector, social security coverage by contributory schemes can only be a long-term goal. While most workers depend on traditional family support, informal social security arrangements relying on group solidarity may be feasible in some cases. Mutual benefit societies and sickness funds, which were among the forerunners of institutionalized social security in Europe, have their parallels in developing countries as examples from India and the Philippines show. Governments will need to foster such group initiatives which often means a re-allocation of funds and a change in expenditure priorities.

The ILO recommends innovative approaches for casual workers, such as construction workers. Large numbers of regular workers are classified as casual to avoid liabilities under workers' compensation. The examples of Korea, Malaysia and the Philippines in extending social security coverage to farmers may encourage other countries considering such a step.

The most effective method of expanding coverage is on a compulsory basis since voluntary insurance has made little impact because the majority of persons needing protection are unaware of its advantages and are unable to pay regular contributions. Where there is concern about raising social security contribution rates, lower contribution levels can be considered when national provident funds charging relatively higher contribution rates are replaced by pension insurance schemes.

Countries in transition to a market economy will have to restructure their comprehensive social security systems on a sound financial basis. Evaluation of experimental schemes for farmers in China and Viet Nam demonstrates the possibility of gradual extension of social security protection to rural areas. The feasibility of strengthening and extending social protection will increase as the economy improves and reforms take effect.

Social security reform requires consideration in a broad context involving planning and fiscal authorities. The interaction of social protection systems with employment, economic and fiscal policies needs to be carefully analysed. It is therefore imperative to rectify any weaknesses in the planning system for social protection as a prerequisite for developing national strategies.

In some instances, a new social protection coordinating authority at a high level of the government hierarchy, with a supervisory role, will be needed. It should include representatives of the social partners because social consensus endorsing solidarity principles will be essential for the success of future national social protection policies. ❑

Hans von Rohland

* Social protection in Asia and the Pacific. *ILO/EASMAT, Bangkok.*

European Conference

Cost of social programmes highlighted

Social protection systems in Europe must evolve. The individual and non-public institutions are being called upon to play a broader role, noted the Fifth European Regional Conference of the ILO, held in Warsaw last September. The problems of financing social protection in both West and East Europe was the main agenda item at the Conference, which was the first of its kind to be held outside of Geneva.

In all areas covered by social security, especially pensions, health care, unemployment and social assistance schemes, the needs have continued to grow in recent years while financing possibilities have diminished, warned the ILO in a report* prepared for the Conference in Warsaw.

Crises upset the balance

During the 1960s and 1970s social expenditure in Western Europe was generally matched by social security contributions and taxation. However, economic crises of the mid-1970s upset the balance by pushing up unemployment and social expenditures while reducing revenue from taxes, resulting in large fiscal deficits that continued into the 1980s. Since then, tax reforms and expenditure controls have stabilized the ratio of social expenditure to GDP, which has increased very little in the last decade.

In the centrally planned economies of Eastern Europe, social expenditure in the early 1980s was in the range of 20-30 per cent of GDP. After 1989, though many forms of subsidies have been phased out, new benefits have had to be introduced to cope with unemployment and social assistance. Countries in the region face a hard choice between investment in the economy and social protection. "If expenditures swing too far in the direction of social support, investment and economic recovery will be jeopardized, but if insufficient social protection is afforded to those most in need, the political consensus for transition may not be sustained."

In Western Europe, there is little evidence that social expenditures are "out of control"; however, tensions are building due to concerns about the macroeconomic consequences of increasingly costly social protection systems. The continued growth and scale of expenditures in the wake of the early 1990s recession and persistently high levels of structural unemployment mean that in nearly all Western European economies, social charges represent between 25 and 30 per cent of the total cost of employing labour. According to the report, contribution rates for pensions alone make up roughly 20 per cent of total labour costs. The report notes that though West European Governments have generally managed to contain social expenditures, doing so "has left very little financial room to cope with new demands, particularly those associated with the new poor or with social and economic exclusion".

Pensions

Total pension outlays now amount to around 10.5 per cent of GDP in Western Europe and around 8 per cent in Central and Eastern Europe. As a proportion of total public spending, pensions today

CALL FOR TRIPARTITE DIALOGUE

Tripartite dialogue between Governments, trade unions and employers is essential to the success of the transition towards a market economy in Central and Eastern Europe and, as such, "fundamental to the construction of a reunited Europe", said Mr. Michel Hansenne, Director-General of the International Labour Office (ILO), in response to the Conference debate.

"There is no single model of tripartism and even less so today than in the past", acknowledged Mr. Hansenne. But, he added, "institutions and procedures matter less (...) than the commitment to preserve the independence of the social partners and the recognition by each one of the role which the others must be allowed to play".

This holds true, he said, for all European countries, "but particularly those for which the existence of free and autonomous organizations of employers and of workers are recent phenomena". "In this regard," Mr. Hansenne emphasized, "I wish especially to underline the importance of strong and well-structured employers' associations in formerly communist countries."

The Conference, held from 20 to 27 September and chaired by Mr. Leszek Miller, Polish Minister of Labour and Social Policy, was attended by 445 delegates – including 23 Ministers – from 38 European countries. Special sittings of the Conference took place on 25 September to hear addresses by Mr. Josef Oleksi, Prime Minister of Poland and by Mr. Jacques Santer, President of the European Commission.

Jacques Maillard

Unemployment and the steady increase in spending on health and ageing of the population are inescapable facts which call for a reform of social protection.

represent over 25 per cent in Western Europe and just under 20 per cent in Central and Eastern Europe (almost double what they were 25 years ago).

Public pension schemes in Western Europe have largely succeeded in providing increased income security in old age, but at an ever-higher price. The outlays have grown due to an increase in the number of elderly, the maturing of the schemes, which means that an increasing number of retirees are fully covered, and the progressive enhancement of the schemes, both in terms of coverage and benefits. In Eastern Europe, pension and other benefits have been eroded by rapid inflation to the point where there is now widespread poverty among the elderly and among families with children.

According to the ILO, overall levels of pension funding are increasingly being called into question. Pension-fund expenditures put pressure on fiscal management, particularly in the countries of Central and Eastern Europe where deficits are large and resources urgently needed for reconstruction.

Health Care

For Central and Eastern European countries, key indicators suggest a declining – or at best stationary – health status of the population during recent years. In Bulgaria, the Czech Republic, Hungary, Poland and Slovakia, life expectancy hovers around 1989 levels. In Ukraine life expectancy dropped dramatically, and in the Russian Federation male life expectancy dropped by 5 years for males and by 1.5 years for females between 1989 and 1993. Since 1990, infant mortality rates increased in Albania, Romania, the Russian Federation and Ukraine, after having declined for decades.

There is now a substantial health gap between East and West Europe. East Europeans die between 3 and 5 years earlier than their western neighbours. The probability that an East European child will die in the first five years of life is between two and five times higher than for a West European child.

Public spending on health care in Eastern Europe is generally only of the order of 4 to 6 per cent of GDP versus 6.5 to 9.5 per cent in the West. Health care expenditures in Western Europe account for between 25 and 30 per cent of all social expenditures, much more than in the East. The differences between the quality and delivery of health care are equally dramatic.

Unemployment and social assistance

Initially a relatively minor component of European social expenditure, unemployment compensation and social assistance have grown substantially over the last 15 years, particularly in Western Europe, where unemployment and the number of households living in poverty has increased dramatically. In Central and Eastern Europe general social assistance programmes were not unknown, but their scale and scope have had to be vastly expanded to cope with economic transition. Unemployment insurance programmes have had to be started, practically from scratch.

In the initial phases of market reforms, replacement rates of unemployment benefits tended to be generous and the duration of entitlement was two years or longer. Benefits today are of a shorter duration – generally 12 months – and the replacement rates are falling: for example, in Bulgaria from 54 per cent in 1990 to 39 per cent in 1992; in Poland from 79 per cent in 1991 to 48 per cent in 1993; and in Slovakia, which has a much shorter benefit duration, from 83 per cent in 1991 to 32 per cent in 1993.

Pointing out that "the only durable response to the situation of the unemployed lies in their reinsertion into good jobs with stable and reasonable earnings", the Conference emphasized "the need for employment-intensive growth, retraining, employment services and other aspects of active labour-market policies as indispensable adjuncts of policies of social protection."

The Conference, however, was unable to reach a unanimous conclusion as to the financing of unemployment insurance and social assistance benefits. Several among the employers' delegates taking the floor suggested that "benefit levels offered to the unemployed needed to be restructured in a way which enhanced incentives, first to participate in retraining schemes, and second to accept employment, even if not at the former level of earnings."

This view was not shared by workers' representatives for whom "unemployment benefits were designed to secure a decent existence for the unemployed, allowing them to maintain their occupational level by granting time to find adequate jobs".

ILO action

The Conference "strongly endorsed the request of the participants from Central and Eastern Europe for a strengthening of ILO Social Security activities towards countries in transition". The needs identified concern "the development of institutional capacity, good governance in a tripartite context, and especially the training of managers and technical analysts".

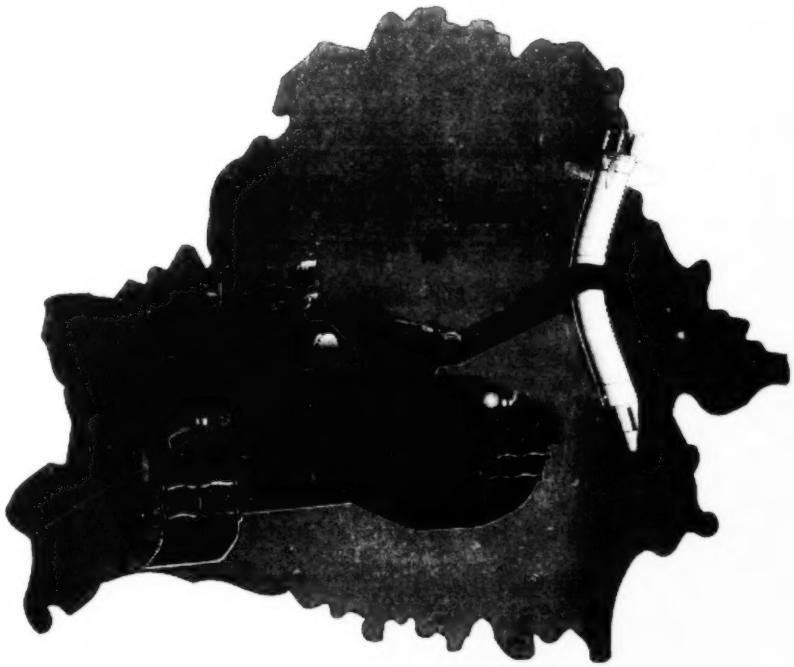
The Conference called for a reinforcement of ILO technical cooperation activities throughout Central and Eastern Europe and asked that special attention be paid to Transcaucasian and Central Asian countries which are not at present covered by ILO technical teams in the field.

Finally, the Conference underlined that "the ratification and application of the core standards respecting human rights and the other Conventions considered as priority instruments (...), as well as the Minimum Age Convention, 1973 (No. 138), should be among the major objectives of member States in the region". ❑

* Fifth European Regional Conference of the ILO, Report of the Director-General, *ILO Geneva*.

A new lease for the Belarus military

Perhaps more than any other country in the former "Eastern Bloc", Belarus was shaken to its very foundations by the fall of Communism. This country of ten million people was the western shield of the USSR and one of the most militarized in the world. Today it is striving, with the assistance of the international community, to transform some one hundred military bases into business parks and social development areas. The bet has not yet been won, but substantial gains have already been made.



Deserted buildings, unused warehouses. A feeling of abandon hangs over the vast Belarussian plain; closed military bases, their perimeters and premises empty, the men and women they employed now out of work.

But here and there, for the past several months activity has picked up once again. On the site of one former base near the Russian border, a carbonated-drink factory has sprung up employing around fifty people. Some twenty kilometres away, women have formed a self-management group and decided to open a cafeteria in an empty building. Elsewhere, garment factories, carpentry shops and sawmills were set up. Close to Brest near the Polish border there is intense activity; the storage and transportation of foodstuffs and equipment has given renewed life to hangars, warehouses, railroads and airfields all abandoned by the military.

A disaster-stricken country

Situated at the western extremity of the ex-Soviet Union, Belarus (formerly Byelorussia) had been one of the most militarized countries in the world during the Cold War period. More than 200 military bases were spread over its 200,000 km^2. More than 500,000 national and foreign troops were stationed there. In addition, tens of thousands of generally highly-skilled workers were employed in the production and maintenance of weapons and even more in services either directly or indirectly related to the military-industrial complex.

The breakup of the Soviet Union was the point of departure for radical change. Since its independence in 1991, Belarus demonstrated its will to follow a policy of neutrality as well as both conventional and nuclear disarmament. About one hundred military bases have already been closed and about the same number will soon follow suit. Because of this, tens of thousands of employees living on these bases with their families found themselves cut off from the external world, without work and with no assistance whatsoever either from their ex-employer, the Ministry of Defence, or from the regional authorities.

Furthermore, a large number of State enterprises had to close down their activities for lack of outlets, and in others production has seriously declined. According to Mr. Kunyavsky, President of the Belarussian Entrepreneurs' Union, most of the enterprises today are operating at only 35-40% of capacity. Over 100,000 people have lost their jobs, and the relatively low official rate of unemployment doesn't take into account hidden unemployment which, according to estimates, could concern 20% of the labour force.

In addition, buildings and equipment formerly used for military purposes are rapidly deteriorating; some, left abandoned, are being broken into, damaged and robbed. Thus, for many economic and social reasons, starting up these existing installations again and converting them to civilian activities has become a national priority. They must operate within the framework of new economic orientations by calling on private investment and initiatives.

Creating jobs

The scale of the challenge far surpasses the country's capacity, especially since 20% of the national budget is currently devoted to rehabilitating zones (comprising one-third of the territory) contaminated by the Chernobyl disaster. Since 1992, the government has appealed to the ILO for assistance in refurbishing the former military bases for productive activities which will create new jobs.

After a first exploratory mission by the ILO at the end of 1992 and a tripartite seminar in February 1993 on the development of enterprises to promote employment, a national organizing Committee was formed in 1993. Various international institutions were called upon to participate alongside representatives of government and interested private bodies. This preparatory work led to the development of an international project financed by UNDP destined to convert the Belarussian military bases into employment, enterprise creation and energy conservation zones.

The ILO, which conceived the project, strived to realize it through a policy of active partnership; that is, by closely associating all the parties involved as well as the potential beneficiaries. It was also decided to concentrate efforts on some twenty pilot zones used for demonstration purposes.

Action dynamics

Since 1993, intensive awareness-building efforts and training were undertaken in the form of workshops, seminars, training and retraining courses, which relied heavily on the expertise of national consultants. The accent was placed on mobilizing energies at the local level, promoting an entrepreneurial spirit and self-organization.

At the international level, the project has strived to establish a direct and permanent dialogue between the national authorities and businessmen or investors who could bring support and dynamism to the process.

In June 1995, a national Conference was held which brought together about 600 participants for three days to discuss the draft of a national programme to convert the former military bases. A joint effort of the government, employers' organizations and the ILO, the project seeks to provide these bases with the special status of "economic development zones". To create a favourable climate, it provides the means to facilitate the acquisition of land and equipment and to obtain credit, a tax exemption on profits for a ten-year period and relaxed customs formalities. The project also calls for guarantees to protect investments and a procedure to settle labour disputes. The creation of a national structure is foreseen to implement all of these plans at the national and local level.

Basic initiatives

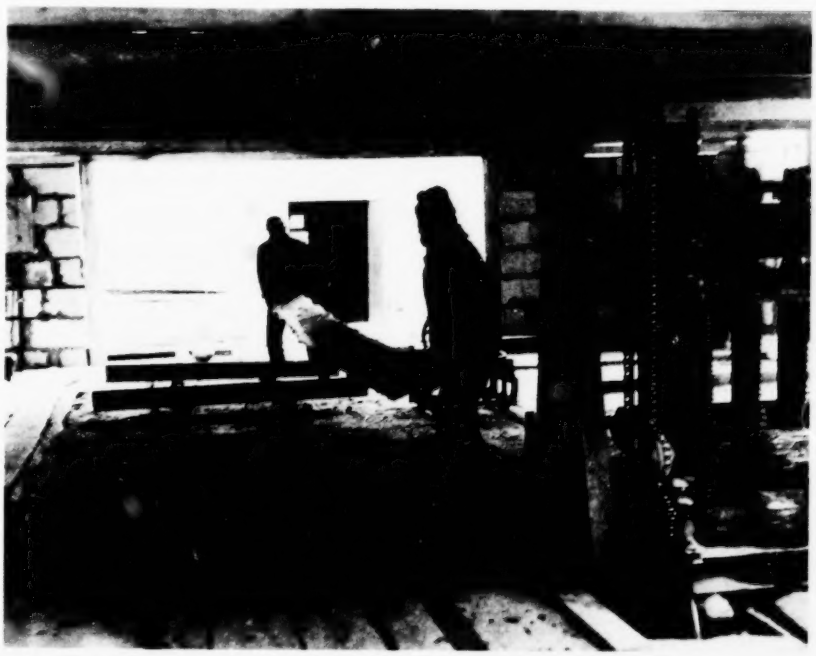
Time is of the essence. At the local level, the initiatives have not awaited the final administrative arrangements and the arrival of international investors. A number of groups have been formed with the technical support of national employers' and entrepreneurs' organizations. Among the activities already underway are various farm-produce industries (beverages, canned mushrooms, potato chips, etc.), garment workshops, sawmills, carpentry, and the storage and transportation of merchandise, notably that destined for neighbouring Russia. In this respect, the region of Brest, the closest to Western Europe, and endowed with a rail and air infrastructure highly developed during the era of the military bases, could become

PROJECT PARTNERS

The programme for converting the Belarussian military bases into economic development zones links various national and international partners.

The Ministries of Economy, Labour, State Property and Privatization, and Defence, the State Committee for Energy and the main employers' and workers' associations.

At the international level, conception and technical coordination are the responsibility of the ILO Enterprise and Cooperative Development Department, financing (US$ 350,000) is provided by the United Nations Development Programme (UNDP) and the German Government has added an additional US$ 200,000 to develop regional and national infrastructures. The United Nations Economic Commission for Europe, the U.K. Office for Development Assistance (ODA) and various non-governmental organizations are also participating.



Given the geography of the country, forestry-related activities would seem to have a considerable potential for development.

a true commercial hub. The recently-created firm Transavia Export has already placed 16 *Ilyushin* airplanes, converted into cargo planes with a capacity of 40 to 76 tons, into this activity.

An agreement has been signed with the first Western European group, specializing in the sale of automobile parts, to set up a distribution network in Belarus for spare parts and services. This project should create 500 jobs, contribute to the development of the entrepreneurial spirit and disseminate a more modern concept of service activities.

Women entrepreneurs

Women, who make up more than half of the 500,000 people affected by the base conversions, are especially active and entrepreneurial. With the support of national and international consultants, various self-managed women's groups have launched into the farm-produce, clothing and restaurant sectors. Others are currently being trained in several areas, such as bakery, hairdressing and handicraft trades, etc.

"To enable mentalities to evolve and to cultivate the spirit of enterprise are the challenges which the project must face up to", says Mr. Alexander Louzine, the ILO official in charge of coordinating these operations. "Several years would appear necessary to achieve the established goals and to trigger a collective impetus. Once past this hurdle, the new economic development zones should be able to fly on their own wings and constitute the real engines for growth and employment." ❑

Michel Fromont

TRADE UNION PROBLEMS

Tripartism and respect for freedom of action of the social partners appears to be encountering some difficulty getting established in Belarus. Allegations of serious attacks on trade union rights contained in complaints which have recently been lodged with the ILO by the International Confederation of Free Trade Unions (ICFTU), the World Confederation of Labour (WCL), and the Democratic Congress of Trade Unions of Belarus, bear witness to this. The case has been registered as No. 1849 and is about to be considered.

Behind of the Czech

The Czech Republic is faring the best of all post-communis countries of East Europe. But can it really be cited as a example to those who are living in the throes of a chaoti transition? Caution, recommends the author: first of all on must take into account the Czech uniqueness; then, prob lems should not be underestimated – especially social one – which are hidden behind the apparent good health of th country.

All systems are go, and knowledgeable East-watchers applaud. The International Monetary Fund, the World Bank, the European Bank for Reconstruction and even the conservative Deutsche Bank hail the Czech reform effort. According to all microeconomic indicators – GNP growth, minimal indebtedness, balanced foreign account, falling inflation and low unemployment – the Czech Republic tops all post-communist countries. Add political stability and a peaceful divorce from the Slovak Republic, and you will have all the major reasons prompting western media to extol the Czech "economic miracle".

It's journalistic shorthand, of course. Even the Prague government has never used the word "miracle". And rightly so since last year's increase in GNP of 2.6 per cent was reached only after three long, painful years of economic decline. When and if the Czech Republic manages to achieve a steep, say 5 per cent, annual rise in GNP over several years, then we can talk about a "miracle". Such rapid, sustained growth is not yet forecast even by usually optimistic government bodies. They expect annual GNP growth in the coming years to be around 3 per cent. This means that the Czech GNP could attain its 1989 level only in 1998.

* *The author is a senior editor of a major Czech news magazine* EKONOM.

Czechs are different

Economic transformation in every East European country reflects pas cultural and societal development, a well as national character and politica heritage. Thus profound differences exis not only between the Czech Republi and Albania, but also between Czech and their close neighbours, the Poles

The introduction of advanced technolog – is progressing slowly in the Czech in

he scenes
Miracle"

Dusan Provaznik*

The structure of contemporary Czech society closely resembles that of West European nations. Industrialization in Bohemia and Moravia began in the 19th century and after the collapse of the Austro-Hungarian Empire in 1918, the newly born Czechoslovakia inherited 70 per cent of the Empire's industrial base. In 1939, Czechoslovakia ranked among the seven most-industrialized countries in the world. During the post-war years the share of industry in the national economy has increased.

The demise of communism in 1989 was welcomed by an overwhelming majority of Czechs, much larger than that in other post-communist countries. There was also widespread support for the economic transformation which was carried out in several, swiftly sequenced, measures. The first was the restitution of private property that had been confiscated by the communist regime after the takeover in 1948. It was followed by the so-called "little" privatization when about 25,000 shops, hotels and small enterprises were sold at auctions. Then came the "big" privatization in two rounds during which about 6 million Czechs, an overwhelming majority of the nation, bought a coupon book for a token amount equivalent to one-fifth of an average monthly wage. The book contained 1,000 privatization points which to be used to buy shares in enterprises that were being denationalized.

Uniquely Czech, coupon privatization was an operation both economic and political. It facilitated a wholesale buyout of state enterprises in a country which desperately lacked investment capital. At the same time, it was conceived as a relatively fair distribution of accumulated national assets. This privatization also meant a much-needed political windfall for the government. Every single coupon book was signed by Premier Vaclav Klaus.

CTK Foto

– assembly line at a Skoda automobile factory
ast

After having formally completed economic transformation, the Czech Republic has entered a new evolutionary phase in which it encounters similar problems as its western neighbours.

By the end of 1984, some 80 per cent of the GDP was already produced by the new private sector in a country where until 1989 practically all GDP was generated by state enterprises. The speed of the transformation process and its results won the Czech Republic deserved recognition. Nobel Prize winner for economics, American professor G. Becker, lauded the coupon privatization for its speed in bringing about necessary change. However, there are some reservations regarding its impact expressed by domestic and foreign economists who maintain that the holders of coupons are not genuine shareholders since they have little or no influence on company management.

The puzzle of low unemployment

One outstanding feature of the present Czech economic scene is low unemployment. In contrast with other post-communist countries joblessness in the Czech Republic has not surpassed 4 per cent of the active population, and last May it even fell to 2.9 per cent. A major contributing factor to the low unemployment rate is the slow pace of restructuring of the denationalized enterprises carried out by their new owners. They have yet to adopt the "lean and mean" policy prevalent in western restructuring programmes. Meanwhile they continue to maintain a bloated and uneconomic workforce. Moreover, enterprises do not consider slimming down to be their priority because labour is relatively cheap. In 1994, labour costs in the Czech Republic constituted 9 per cent of overall production costs. Yet another factor is an undervalued currency. The rate of exchange, introduced by the government in 1990, is still valid, which helps exports and employment.

Nonetheless, the Czech labour market has undergone a profound shakeup over the past five years when four in every ten workers changed their employment. They were mainly agricultural workers or employees of the nation's biggest monopolies which lost their traditional markets in the East. Most of these people found other jobs, primarily in the service sector, much neglected by the communists. Many Czechs have also started their own businesses. At the beginning of 1995, over half a million people were working for themselves, employing additional thousands of family members.

Despite the bright overall picture, there are some darker areas as well. Northwest Bohemia and northern Moravia have the highest unemployment in the country, ranging from 5 to 7.3 per cent. Both are mining regions where pits are being closed down while the creation of new employment opportunities lags behind the need.

Social challenges ahead

After having formally completed economic transformation, the Czech Republic has entered a new evolutionary phase in which it encounters similar problems as its western neighbours. In the social sphere they are employment, wage demands, reforms of social security and health-care systems, housing, training and education. Calls for urgent solutions come mainly from trade unions and professional bodies. The scene seems to be set for standard confrontations between the neo-liberal right-of-centre government and various workers' or-

KEYS TO SUCCESS

"Social dialogue is an essential condition for successful economic change." In a recent interview the Czech Minister of Labour and Social Affairs, Jindrich Vodicka, explained to* World of Work *the reasons for his country's success on the road to reform and conditions vital for perpetuating these good results. Here are some excerpts of his declaration on key points touching upon economic and social policy.

● ***Government strategy and popular backing*** – I think that a most decisive role in the successful transition process in the Czech Republic has up to now been played by a combination of political, economic and social factors. The political element was the overwhelming support the present government has received in free elections. This has created the favourable climate necessary for the adoption of the much-needed legislation on reforms.

No less important has been the uncompromising approach toward a gradual realization of our market economy concept, based on private ownership and initiative – the very same principles which make West European and American economies tick. From the outset, we have refused attempts to flirt with socialist experiments which over the past decades have demonstrated their inability to bring about genuine prosperity for our country and its people.

● ***Maintenance of social peace*** – In spite of hardships that follow economic reforms, we have managed to maintain social peace. This is no mere coincidence but the result of a well-conceived and carefully thought-out social policy. It is based on two considerations: the necessity to ensure effective and adequate social benefits to all who need them; and to stimulate our citizens to achieve social security for themselves and their families through their own efforts.

Born in 1952, a graduate of the Economic Institute of Prague and the Odessa Naval Academy, from 1977 to 1989 Mr. Vodicka was a naval officer. In 1991, he was one of the founding members of the People's Democratic Party. He became a deputy in June 1992, and was named Minister of Labour and Social Affairs in July of the same year.

Our legislation is fully consistent with this policy. We have recently adopted new laws regarding social benefits and old-age pensions. They will be supplemented by a law on social assistance to be submitted to the Parliament in the near future. I am convinced that the key factor in the so-called Czech miracle is the fact that there have been no major social shocks or labour market upheavals.

● ***Need to increase competitiveness*** – We fully understand that the transition process is far from finished. After mass privatization of enterprises, the new owners soon realized the imperative need to innovate their production process so as to increase competitiveness. Their attention is also increasingly focused on labour productivity, consumption of materials and energy, as well as on labour-cost reduction. However, we want to make sure that reduction of labour costs does not mean lower wages. On the contrary, we want them to grow with productivity. This relationship will no longer be hampered by wage regulation which the government has abolished.

● ***Employment policy*** – It can be reasonably expected that the pressure to shed labour will grow. In contrast with today's unemployment, which can be considered as frictional, we will have to face structural joblessness and, gradually, also technological unemployment. It will affect more people and spread more widely than heretofore. In any case, we do not want merely to register this development, but take active employment measures to ensure jobs for all who want to work.

● ***Tripartite co-operation*** – Our government considers social peace and social dialogue as key pre-conditions to a successful economic transformation in conditions of global structural change. Nonetheless, not even the existence of tripartite organs – both national and international – relieve a government of its responsibility for constant economic and social progress before parliament and the people of its country. Social dialogue and its structures have to be in line with the role of the government and the social partners in society.

Since the very beginning of economic reforms we have very much relied on the Council of Economic and Social Agreement, functioning primarily as a governmental consultative body. Every year, this Council has concluded a general agreement with the Government, constituting a political document setting out major policy lines, especially as regards wages, employment and social policy.

Rapidly advancing privatization has reduced direct government involvement in running the economy. Therefore, in consultation with representative labour and employer organizations, a new body has been set up – the Council for Dialogue of Social Partners. It, too, has a tripartite composition, but the main emphasis is placed on co-operation between employers and workers, for which the government has created a suitable legislative framework.

ganizations which would like to build capitalism with a "social face".

In contrast with Poland or Hungary, social peace has not yet been seriously threatened in the Czech Republic. But it is under growing strain because the unions and the government differ in their conception of pending social legislation reform.

Unemployment is not likely to become a social worry in the near future. In addition to the reasons mentioned above, there is also no immediate threat of technological joblessness since the introduction of the latest technology is slow. This, of course, is not encouraging news in the long term. However, if the present recovery in the West holds, Czech enterprises, enjoying lower labour costs, may continue to have full order books. Also, growing foreign investments influence Czech employment favourably as more and more foreign firms come to appreciate the comparative advantage of transferring their production to a country with a highly qualified but relatively cheap labour force.

Professional demands

Demands for wage increases come not so much from industry as from various professional groups long underpaid by the communist regime. The Union of Czech doctors wants a raise of tariff salaries in hospitals equivalent to 300 per cent of the average wage, while teachers are asking for an increase of 170 per cent of the average wage. At present, doctors and teachers are earning about the same as workers in factories. Members of the two professions threaten to go on strike if their demands are not met. The government, however, is not prepared to go the whole way since it does not want to open a "Pandora's box".

The housing shortage promises to be a thorny problem, too, because it causes dissatisfaction and indirectly affects employment as it reduces labour mobility. In recent years government policy in this field has consisted of half-measures, causing a dramatic fall in housing construction. As a result, there is a serious housing crisis in the offing. Still another set of problems is represented by the lack of government support for national education as well as for research and scientific development, although it is quite clear today that they are the keys to future progress.

All told, no miracle today, nor smooth sailing tomorrow. ❑

AROUND THE CONTINENTS

▲ CLEANER PRODUCTION: While industrial activities are an important factor in the degradation of the environment, the majority of enterprises in many developing countries do little or nothing to reduce their environmental impact. One cause for this situation may lie in the media focus on expensive waste disposal measures such as recycling, incineration and effluent treatment. A good part of industry's battle for a better environment, however, lies in better housekeeping and management of resources. Norway now finances a project which will demonstrate to enterprises in a dozen developing countries that both environmental performance and business results can be improved by reducing waste, using better energy and adopting other low-cost or no-cost cleaner production options.

▲ PARTNERSHIP IN TRANSITION: A series of consultations and meetings involving ILO officials and the Russian tripartite constituents have ushered in a Programme of Cooperation until the end of 1996 and a common understanding of pressing social issues and priorities. These meetings included seminars for trade unions on policies towards privatization, for employers on corporate bankruptcy, for both social partners on industrial restructuring and for all three constituents, governments, employers and workers, on social dialogue and tripartite consultation.

▲ EMPLOYMENT PROGRAMME: In his first official visit to the Philippines, ILO Director-General Michel Hansenne gave full support to the Philippines' Comprehensive Employment Strategy Programme (CESP) which is part of the government's efforts to reduce poverty and attain full employment. He also witnessed the signing of an agreement which provides for the implementation of a national programme on child labour. Other ILO projects in the Philippines cover the urban informal sector, rural employment, environmental issues, worker education, women and indigenous people.

▲ SOCIAL DIMENSION: The biggest common market in the world, NAFTA, which comprises Mexico, the United States and Canada, is a showcase for the effects of the globalization of the economy. The ILO office in Mexico recently organized a tripartite roundtable on "Competition and employment policies: the role of the social actors". Participants agreed that employment should not only be seen as an economic variable but also as a social one. Higher productivity and more competitiveness were identified not only as the bases of economic growth but also as means to increase wages. The social partners did not agree on the necessity of a reform of the Mexican labour laws.

▲ MANAGEMENT TRAINING: As a result of an ILO/UNDP project which was terminated recently, Pakistan now has a National Supervisory Training Centre . Through its training programmes, workshops and seminars in Karachi and Lahore the project reached about 1,500 leaders of national industry. Senior managers attended seminars and workshops sensitizing them to the importance of productivity and quality issues. The final report on the project recommends an extension of training activities to other regions of the country.

Migrants in Europe under threat

A. El Hakkaoui

Migrant workers, who contributed so much to building the economic prosperity of European countries, are today victims of rejection. Rising unemployment and the resulting anxiety are driving forces of this current climate of intolerance, notes Abdelkbir El Hakkaoui, President of the International Agency for Development, a Paris-based NGO.

For a long time, the immigration policy in Europe was one of welcome which gave equal status to these foreign residents and the citizens of the countries which accepted them. Immigrants were considered to be the craftsmen of prosperity and the best means of solving the labour shortage in many sectors.

Jacques Maillard

As such, during the sixties, the buildup of the economy of most European countries meant resorting in large part to the use of immigrants, especially those from North Africa. The governments endeavoured to discourage discriminatory treatment and to ensure the freedom and the right of each person to the full expansion of his personal life and of collective cultural expression.

Today, the immigrants are increasingly considered to be a factor in social unrest. Their culture, their religion, their way of life seem to be "a threat to Europeans". More than that, a climate of intolerance now reigns, with increased verbal attacks and acts of violence against immigrants. Certain racist remarks and degrading or discriminatory treatment might lead to a phenomenon of rejection.

What has happened? Why has there been this change of attitude? This is closely linked to the economic crisis and the resulting rise in unemployment. Deteriorating economic conditions have given rise to an anxiety which threatens the cohesion of European societies. For the first time in decades, the new generations are worse off than their predecessors. Most young people see no prospects for the future.

Faced with unemployment, its structure weakened, the European population seems more receptive to the simplistic and demagogic solutions put forward by extremists. Foreigners are no longer seen as part of the rich cultural diversity which has been the result of centuries of intermixing and vital for economic and social development. On the contrary, they are being held responsible for the current situation.

However, in France for example, foreigners make up only 6.5% of the labour force; i.e., about 1.5 million persons, of which 1.2 million hold jobs and some 300,000 are unemployed. About half of these foreigners (42%) are European and the others, mainly from Africa and Asia, are most often not well-qualified and poorly paid.

It is clear then. The objective of full employment is at the heart of the problem of exclusion. Action taken to fight unemployment is action against the risk of intolerance, racism and exclusion. But like others, we have no magic long-term solutions to offer to do so. All we call for is the fight for jobs and for a more equitable distribution of work. And by recalling that the diversity of tradition and culture which has been one of the riches of Europe for several centuries, we reaffirm that the principle of non-exclusion is the guarantee of the continuity of this heritage.

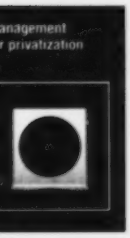
We expect the ILO, which has always reacted against all forms of discrimination, to scrupulously monitor the adherence to its standards dealing with migrant workers. We also hope that the action which the ILO has undertaken globally to promote full employment will result in a restoration of the economic and human environment which is crucial for social peace and harmony among peoples. ❑

This page is open to all participants and observers within the world of work who wish to express a personal point of view on any subject of interest to the ILO.

Media shelf

In print

■ **Management for privatization: Lessons from industry and public service.** Edited by Joseph Prokopenko. Management Development Series, No. 32. *ISBN 92-2-109198-8. Swiss francs 37.50.*



The privatization of state-owned enterprises emerged in the 1980s as a major public policy issue in many parts of the world. It has become an important instrument for improving economic performance in industrialized countries and for implementing transition policies in developing countries and former socialist countries. This highly topical book, which includes case studies from several countries around the world, traces the impact of privatization and deregulation on management practices and strategies, and on managers' skill profiles.

It aims to build up management development capacity and to prepare managers for the challenges of privatization and a new competitive environment.

■ **Yearbook of Labour Statistics, 1995. 54th issue.** Trilingual E/F/S in 2 volumes. *ISBN 92-2-007350-1. Swiss francs 210.*

This publication contains essential information for following the evolution of labour and of living and working conditions throughout the world. The series presented in the *Yearbook* provide statistical information for more than 180 countries, areas and territories, usually covering the last ten years, on: total and economically-active population, employment, unemployment, hours of work, wages, labour costs, consumer prices, occupational injuries, and strikes and lockouts.

The *Yearbook* is accompanied by a volume in the series entitled *Sources and Methods: Labour Statistics*, providing methodological descriptions, by country, of the data published in the *Yearbook* and the *Bulletin of Labour Statistics*. The subjects of this year's companion volume are: employment, wages, hours of work and labour costs.

International Labour Review

■ **After taking up the subjects of workers' privacy, the labour effects of monetary union, structural change, social pacts and international migration in the 1995/3 issue, the *International Labour Review* turns to the daunting question of employment and long-term growth. A special, double issue (1995/4-5) offers original analysis on many dimensions of employment policy. Starting with a conceptual framework for addressing the question and some views on the global situation, contributors discuss the effects on employment of the Uruguay Round agreement on trade liberalization; the policy options facing developing countries with respect to foreign investment; and the role of information and communications technology in job creation and destruction, especially as it affects the less skilled. Ideas are put forth for confronting the marginalization of Africa and the disincentive effects of unemployment benefits. The means whereby macroeconomic policies influence production and then employment are analysed, and the use of public expenditures to reduce unemployment is assessed. The link between productivity and employment creation is examined. Some lessons are drawn for the North from the not-so-distant Golden Age of full employment. And it is shown that one need not sacrifice equity to achieve efficiency goals: the feasibility of productivity-enhancing egalitarian policies is explained. In sum, this special issue aims to advance the policy debates on a whole range of difficult and controversial issues which are central to a strategy to improve the quantity and quality of employment and to promote economic growth.**

■ **Workers' financial participation: East-West experiences** by Daniel Vaughan-Whitehead et al. Labour-Management Relations Series, No. 80. *ISBN 92-2-109186-4. Swiss francs 30.*

This book focuses on pay schemes which provide, in addition to fixed pay, a variable portion of remuneration linked to some measure of enterprise performance. The authors discuss the advantages and disadvantages of the different schemes adopted by several countries, including Belgium, the Czech Republic, France, Hungary, Italy, Japan, Poland, Slovakia, the United Kingdom, the United States and the former Yugoslavia. The economic, institutional and organizational context facing each country is considered.

■ **Freedom of Association.** Digest of decisions and principles of the Freedom of Association Committee of the Governing Body of the ILO. Fourth edition. *ISBN 92-2-109456-1. Swiss francs 30.*

The task of the tripartite Committee on Freedom of Association is to deal with complaints of infringement of freedom of association submitted to it either by governments or by organizations of employers or workers. Since its establishment 44 years ago, the Committee has dealt with more than 1,800 cases, and in so doing has built up a corpus of decisions and principles on the subject. This digest brings together these decisions and principles in concise form for easy reference

■ **The ILO in the service of social progress.** A workers' education manual. Second (revised) edition. *ISBN 92-2-109444-8. Swiss francs 20.*

Provides a background to the ILO's history and its work in promoting social justice worldwide. It traces the origins of the ILO and its contribution to social progress since its creation in 1919. There is a detailed outline of the ILO's structure and its work to create international labour standards. The book also describes the ILO's major activities in the promotion of employment and human resources development, improvement of working conditions and environment, strengthening of social institutions, and building a firm foundation for action in the years leading up to the twenty-first century.

■ **Gender inequality in the labour market: Occupational concentration and segregation. A manual on methodology** by Janet Siltanen, Jennifer Jarman and Robert M. Blackburn. *ISBN 92-2-109136-8. Swiss francs 22.50.*

This manual guides readers in producing data on occupational concentration and segregation. It clarifies concepts and measures, discusses quality and availability of information, and reviews various methodological tools, using well-known statistical software packages.

Consult

■ **A wealth of information on social security.** The Joint Social Security Information Unit was created in 1995 and comprises the documentation centres of the International Social Security Association (ISSA) and the ILO's Social Security Department. This Unit provides its clients from ISSA, ILO constituents, partner institutions, research centres, the press and others, with a rich collection of information: books, annual reports and periodicals on social security and social policy, a collection of all ISSA publications, ILO technical cooperation reports, social security legislation, statistical information, etc.

For further information, contact: InfoUnit, ISSA-SECSOC, ILO, CH-1211 Geneva 22.

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Jacques Maillard

Created in 1919, the International Labour Organization (ILO) brings together governments, employers and workers of its 173 member States in common action to improve social protection and conditions of life and work throughout the world. The International Labour Office, in Geneva, is the permanent Secretariat of the Organization.